



Reprinted  
February 20, 2004

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## ENGROSSED HOUSE BILL No. 1055

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DIGEST OF HB 1055 (Updated February 19, 2004 3:27 pm - DI 44)

**Citations Affected:** IC 6-1.1; IC 6-3; IC 6-3.5; IC 6-5.5; IC 20-14; IC 36-2; IC 36-6; noncode.

**Synopsis:** Various tax matters. For a petition to the department of local government finance (DLGF) seeking an order to reassess real property in a township, establishes the minimum number of petitioners required without reference to township population. Prohibits a county council from reducing the levy established by the department of local government finance for a property reassessment fund. Extends the deadline for a county to adopt an ordinance exempting inventory from property taxes. Delays the transfer of certain tax abatement duties from the department of local government finance to county auditors. Eliminates the limitation that equalization authority of the county property tax assessment board of appeals (PTABOA) applies only to the assessments made with respect to the last preceding assessment date. Directs the county assessor to conduct equalization duties in a year other than a general reassessment year under rules of the DLGF.  
(Continued next page)

**Effective:** July 1, 2003 (retroactive); January 1, 2004 (retroactive); upon passage; July 1, 2004.

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**Mays, Orentlicher, Noe, Avery**  
(SENATE SPONSORS — BORST, SIMPSON)

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January 13, 2004, read first time and referred to Committee on Ways and Means.  
January 15, 2004, amended, reported — Do Pass.  
January 20, 2004, read second time, amended, ordered engrossed.  
January 21, 2004, engrossed.  
January 22, 2004, read third time, passed. Yeas 97, nays 0.

SENATE ACTION

February 3, 2004, read first time and referred to Committee on Finance.  
February 16, 2004, amended, reported favorably — Do Pass.  
February 19, 2004, read second time, amended, ordered engrossed.

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EH 1055—LS 6685/DI 52+



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Allows the DLGF to contract for assistance with equalization studies and school assessment ratio studies. Provides for withholding of part of a county's property tax replacement fund money for failure of local officials to provide certain information to the state, and provides for withholding of money distributable in 2004 based on failure to provide certain information in 2003. Requires the county assessor to perform the duties of a trustee-assessor related to the assessment of real property if the trustee-assessor fails to attain a required assessor-appraiser certification. Allows the county fiscal body to adjust appropriations to reflect the change in duties. Prohibits a trustee-assessor who has not attained a "level two" assessor-appraiser certification from seeking another term until the certification is obtained. Allows a person who fills a vacancy in the office of trustee-appraiser when the remaining length of the term is less than two years to have two years after appointment or selection to obtain a "level two" certification. Provides that references to the Internal Revenue Code in Indiana law refer to the federal law as in effect on January 1, 2004. Indicates that the law that requires certain bonus depreciation allowed for federal income tax purposes to be added back for state tax purposes applies to the special depreciation allowance for 50-percent bonus depreciation property. Requires that "Section 179 property" deductions in excess of \$25,000 per year that are allowed for federal income tax purposes be added back for state tax purposes. Specifies that distributions of local income tax revenue are based on proportionate property tax levies payable in the year that immediately precedes the distribution. Provides that the Randolph County council may impose a county economic development income tax at a rate of 0.25% to finance the construction, acquisition, renovation, and equipping of the county courthouse. Specifies which fiscal body is to review the proposed budget and tax levy of an appointed library board that intends to increase its property tax levy by more than 5%. Allows the DLGF to adjust certain solid waste management district levies for taxes payable in 2004. Grants a youth baseball and softball organization an additional period in which to file an application for a property tax exemption. Provides that a person who was not able to apply the unused balance of certain property tax deductions (partially or totally disabled veterans, WWI veterans, and surviving spouse of WWI veterans) as a credit against a person's motor vehicle excise tax liability in 2004 may carry that credit forward to 2005. For a school corporation that passed a property tax referendum in 2003, requires the DLGF to adjust the amount of the referendum levy. Repeals the county land valuation commission and provisions involving the PTABOA and the DLGF in the setting of land values.

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Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

## ENGROSSED HOUSE BILL No. 1055

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A BILL FOR AN ACT to amend the Indiana Code concerning  
taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-1.1-4-5, AS AMENDED BY P.L.90-2002,  
2       SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       UPON PASSAGE]: Sec. 5. (a) A petition for the reassessment of real  
4       property situated within a township may be filed with the department  
5       of local government finance on or before March 31st of any year ~~which~~  
6       ~~is not a general election year and~~ in which no general reassessment of  
7       real property is made.

8       (b) The petition ~~for reassessment referred to in subsection (a)~~ must  
9       be signed by ~~not less than the following percentage of all the owners of~~  
10      ~~taxable real property who reside in the township:~~

11           (1) fifteen percent (15%) for a township which does not contain  
12           an incorporated city or town;

13           (2) five percent (5%) for a township containing all or part of an  
14           incorporated city or town which has a population of five thousand  
15           (5,000) or less;

16           (3) four percent (4%) for a township containing all or part of an  
17           incorporated city which has a population of more than five

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thousand (5,000) but not exceeding ten thousand (10,000);  
 (4) three percent (3%) for a township containing all or part of an  
 incorporated city which has a population of more than ten  
 thousand (10,000) but not exceeding fifty thousand (50,000);  
 (5) two percent (2%) for a township containing all or part of an  
 incorporated city which has a population of more than fifty  
 thousand (50,000) but not exceeding one hundred fifty thousand  
 (150,000); or  
 (6) one percent (1%) for a township containing all or part of an  
 incorporated city which has a population of more than one  
 hundred fifty thousand (150,000);

at least the lesser of:

- (1) ten (10) owners of real property in a township; or
- (2) the number of owners of real property in the township that  
 represents owners of one percent (1%) of the assessed value  
 of real property in the township.

(c) The signatures on the petition referred to in subsection (a)  
 must be verified by the oath of one (1) or more of the signers. ~~And, A~~  
 certificate of the county auditor stating that the signers constitute the  
 required number of resident owners of taxable real property of the  
 township must accompany the petition.

SECTION 2. IC 6-1.1-4-27.5, AS AMENDED BY P.L.245-2003,  
 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 UPON PASSAGE]: Sec. 27.5. (a) The auditor of each county shall  
 establish a property reassessment fund. The county treasurer shall  
 deposit all collections resulting from the property taxes that the county  
 is required to levy under this section in the county's property  
 reassessment fund.

(b) With respect to a general reassessment of real property that is to  
 commence on July 1, 2007, and each fourth year thereafter, the county  
 council of each county shall, for property taxes due in the year that the  
 general reassessment is to commence and the three (3) years preceding  
 that year, levy against all the taxable property in the county an amount  
 equal to one-fourth (1/4) of the estimated cost of the general  
 reassessment.

(c) The department of local government finance shall give to each  
 county council notice, before January 1 in a year, of the tax levies  
 required by this section for that year. **The county council may not  
 reduce the tax levies required by this section as established by the  
 department of local government finance.**

(d) The department of local government finance may raise or lower  
 the property tax levy under this section for a year if the department

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determines it is appropriate because the estimated cost of a general reassessment, including a general reassessment to be completed for the March 1, 2002, assessment date, has changed.

(e) If the county council determines that there is insufficient money in the county's reassessment fund to pay all expenses (as permitted under sections 28.5 and 32 of this chapter) relating to the general reassessment of real property commencing July 1, 2000, the county may, for the purpose of paying expenses (as permitted under sections 28.5 and 32 of this chapter) relating to the general reassessment commencing July 1, 2000, use money deposited in the fund from the tax levy under this section for 2000 or a later year.

SECTION 3. IC 6-1.1-4-32, AS AMENDED BY P.L.235-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 32. (a) As used in this section, "contract" refers to a contract entered into under this section.

(b) As used in this section, "contractor" refers to a firm that enters into a contract with the department of local government finance under this section.

(c) As used in this section, "qualifying county" means a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(d) Notwithstanding sections 15 and 17 of this chapter, a township assessor in a qualifying county may not appraise property, or have property appraised, for the general reassessment of real property to be completed for the March 1, 2002, assessment date. Completion of that general reassessment in a qualifying county is instead governed by this section. The only duty of:

- (1) a township assessor in a qualifying county; or
- (2) a county assessor of a qualifying county;

with respect to that general reassessment is to provide to the department of local government finance or the department's contractor under subsection (e) any support and information requested by the department or the contractor. This subsection expires June 30, 2004.

(e) Subject to section 33 of this chapter, the department of local government finance shall select and contract with a certified public accounting firm with expertise in the appraisal of real property to appraise property for the general reassessment of real property in a qualifying county to be completed for the March 1, 2002, assessment date. The department of local government finance may enter into additional contracts to provide software or other auxiliary services to be used for the appraisal of property for the general reassessment. The contract applies for the appraisal of land and improvements with

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respect to all classes of real property in the qualifying county. The contract must include:

- (1) a provision requiring the appraisal firm to:
  - (A) prepare a detailed report of:
    - (i) expenditures made after July 1, 1999, and before the date of the report from the qualifying county's reassessment fund under section 28 of this chapter (repealed); and
    - (ii) the balance in the reassessment fund as of the date of the report; and
  - (B) file the report with:
    - (i) the legislative body of the qualifying county;
    - (ii) the prosecuting attorney of the qualifying county;
    - (iii) the department of local government finance; and
    - (iv) the attorney general;
- (2) a fixed date by which the appraisal firm must complete all responsibilities under the contract;
- (3) subject to subsection (t), a provision requiring the appraisal firm to use the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)**;
- (4) a penalty clause under which the amount to be paid for appraisal services is decreased for failure to complete specified services within the specified time;
- (5) a provision requiring the appraisal firm to make periodic reports to the department of local government finance;
- (6) a provision stipulating the manner in which, and the time intervals at which, the periodic reports referred to in subdivision (5) are to be made;
- (7) a precise stipulation of what service or services are to be provided;
- (8) a provision requiring the appraisal firm to deliver a report of the assessed value of each parcel in a township in the qualifying county to the department of local government finance; and
- (9) any other provisions required by the department of local government finance.

After December 31, 2001, the department of local government finance has all the powers and duties of the state board of tax commissioners provided under a contract entered into under this subsection (as effective before January 1, 2002) before January 1, 2002. The contract is valid to the same extent as if it were entered into by the department of local government finance. However, a reference in the contract to the state board of tax commissioners shall be treated as a reference to the department of local government finance. The contract shall be

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1 treated for all purposes, including the application of IC 33-3-5-2.5, as  
 2 the contract of the department of local government finance. If the  
 3 department of local government finance terminates a contract before  
 4 completion of the work described in this subsection, the department  
 5 shall contract for completion of the work as promptly as possible under  
 6 IC 5-22-6. This subsection expires June 30, 2004.

7 (f) At least one (1) time each month, the contractors that will make  
 8 physical visits to the site of real property for reassessment purposes  
 9 shall publish a notice under IC 5-3-1 describing the areas that are  
 10 scheduled to be visited within the next thirty (30) days and explaining  
 11 the purposes of the visit. The notice shall be published in a way to  
 12 promote understanding of the purposes of the visit in the affected areas.  
 13 After receiving the report of assessed values from the appraisal firm  
 14 acting under a contract described in subsection (e), the department of  
 15 local government finance shall give notice to the taxpayer and the  
 16 county assessor, by mail, of the amount of the reassessment. The notice  
 17 of reassessment:

18 (1) is subject to appeal by the taxpayer under section 34 of this  
 19 chapter; and

20 (2) must include a statement of the taxpayer's rights under  
 21 sections 33 and 34 of this chapter.

22 (g) The department of local government finance shall mail the  
 23 notice required by subsection (f) within ninety (90) days after the  
 24 department receives the report for a parcel from the professional  
 25 appraisal firm. This subsection expires June 30, 2004.

26 (h) The qualifying county shall pay the cost of any contract under  
 27 this section which shall be without appropriation from the county  
 28 property reassessment fund. A contractor may periodically submit bills  
 29 for partial payment of work performed under a contract. However, the  
 30 maximum amount that the qualifying county is obligated to pay for all  
 31 contracts entered into under subsection (e) for the general reassessment  
 32 of real property in the qualifying county to be completed for the March  
 33 1, 2002, assessment date is twenty-five million five hundred thousand  
 34 dollars (\$25,500,000). Notwithstanding any other law, a contractor is  
 35 entitled to payment under this subsection for work performed under a  
 36 contract if the contractor:

37 (1) submits, in the form required by IC 5-11-10-1, a fully  
 38 itemized, certified bill for the costs under the contract of the work  
 39 performed to the department of local government finance for  
 40 review;

41 (2) obtains from the department of local government finance:

42 (A) approval of the form and amount of the bill; and

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- (B) a certification that the billed goods and services billed for payment have been received and comply with the contract; and
- (3) files with the county auditor of the qualifying county:
- (A) a duplicate copy of the bill submitted to the department of local government finance;
- (B) the proof of approval provided by the department of local government finance of the form and amount of the bill that was approved; and
- (C) the certification provided by the department of local government finance that indicates that the goods and services billed for payment have been received and comply with the contract.

An approval and a certification under subdivision (2) shall be treated as conclusively resolving the merits of the claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive of the qualifying county. The county executive shall allow the claim, in full, as approved by the department of local government finance without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department of local government finance. Compliance with this subsection shall be treated as compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection. This subsection expires June 30, 2004.

(i) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2 on a contract of the department of local government finance under this section:

- (1) The commissioner of the Indiana department of administration.
- (2) The director of the budget agency.
- (3) The attorney general.
- (4) The governor.

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(j) With respect to a general reassessment of real property to be completed under section 4 of this chapter for an assessment date after the March 1, 2002, assessment date, the department of local government finance shall initiate a review with respect to the real property in a qualifying county or a township in a qualifying county, or a portion of the real property in a qualifying county or a township in a qualifying county. The department of local government finance may contract to have the review performed by an appraisal firm. The department of local government finance or its contractor shall determine for the real property under consideration and for the qualifying county or township the variance between:

- (1) the total assessed valuation of the real property within the qualifying county or township; and
- (2) the total assessed valuation that would result if the real property within the qualifying county or township were valued in the manner provided by law.

(k) If:

- (1) the variance determined under subsection (j) exceeds ten percent (10%); and
- (2) the department of local government finance determines after holding hearings on the matter that a special reassessment should be conducted;

the department shall contract for a special reassessment by an appraisal firm to correct the valuation of the property.

(l) If the variance determined under subsection (j) is ten percent (10%) or less, the department of local government finance shall determine whether to correct the valuation of the property under:

- (1) sections 9 and 10 of this chapter; or
- (2) IC 6-1.1-14-10 and IC 6-1.1-14-11.

(m) The department of local government finance shall give notice by mail to a taxpayer of a hearing concerning the department's intent to cause the taxpayer's property to be reassessed under this section. The time fixed for the hearing must be at least ten (10) days after the day the notice is mailed. The department of local government finance may conduct a single hearing under this section with respect to multiple properties. The notice must state:

- (1) the time of the hearing;
- (2) the location of the hearing; and
- (3) that the purpose of the hearing is to hear taxpayers' comments and objections with respect to the department of local government finance's intent to reassess property under this chapter.

(n) If the department of local government finance determines after

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the hearing that property should be reassessed under this section, the department shall:

- (1) cause the property to be reassessed under this section;
- (2) mail a certified notice of its final determination to the county auditor of the qualifying county in which the property is located; and
- (3) notify the taxpayer by mail of its final determination.

(o) A reassessment may be made under this section only if the notice of the final determination under subsection (m) is given to the taxpayer within the same period prescribed in IC 6-1.1-9-3 or IC 6-1.1-9-4.

(p) If the department of local government finance contracts for a special reassessment of property under this section, the qualifying county shall pay the bill, without appropriation, from the county property reassessment fund. A contractor may periodically submit bills for partial payment of work performed under a contract. Notwithstanding any other law, a contractor is entitled to payment under this subsection for work performed under a contract if the contractor:

- (1) submits, in the form required by IC 5-11-10-1, a fully itemized, certified bill for the costs under the contract of the work performed to the department of local government finance for review;
- (2) obtains from the department of local government finance:
  - (A) approval of the form and amount of the bill; and
  - (B) a certification that the billed goods and services billed for payment have been received and comply with the contract; and
- (3) files with the county auditor of the qualifying county:
  - (A) a duplicate copy of the bill submitted to the department of local government finance;
  - (B) the proof of approval provided by the department of local government finance of the form and amount of the bill that was approved; and
  - (C) the certification provided by the department of local government finance that indicates that the goods and services billed for payment have been received and comply with the contract.

An approval and a certification under subdivision (2) shall be treated as conclusively resolving the merits of the claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the

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claim to the county executive of the qualifying county. The county executive shall allow the claim, in full, as approved by the department of local government finance without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department of local government finance. Compliance with this subsection shall be treated as compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection.

(q) A qualifying official (as defined in IC 33-3-5-2.5) shall provide information requested in writing by the department of local government finance or the department's contractor under this section not later than seven (7) days after receipt of the written request from the department or the contractor. If a qualifying official (as defined in IC 33-3-5-2.5) fails to provide the requested information within the time permitted in this subsection, the department of local government finance or the department's contractor may seek an order of the tax court under IC 33-3-5-2.5 for production of the information.

(r) The provisions of this section are severable in the manner provided in IC 1-1-1-8(b).

(s) A contract entered into under subsection (e) is subject to this subsection. A contractor shall use the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)** to the extent that the contractor finds that the land values reflect the true tax value of land, as determined under the statutes and the rules of the department of local government finance. If the contractor finds that the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)** do not reflect the true tax value of land, the contractor shall determine land values for the qualifying county that reflect the true tax value of land, as determined under the statutes and the rules of the department of local government finance. The land values determined by the contractor shall be used to the same extent as if the land values had been determined under section 13.6 of this chapter **(before its repeal)**. The contractor shall notify the county assessor and the township assessors in the qualifying county of the land values as modified under this subsection. This subsection expires June

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30, 2004.

(t) A contractor acting under a contract under subsection (e) may notify the department of local government finance if:

(1) the county auditor fails to:

(A) certify the bill;

(B) publish the claim;

(C) submit the claim to the county executive; or

(D) issue a warrant or check;

as required in subsection (h) at the first opportunity the county auditor is legally permitted to do so;

(2) the county executive fails to allow the claim as required in subsection (h) at the first opportunity the county executive is legally permitted to do so; or

(3) a person or entity authorized to act on behalf of the county takes or fails to take an action, including failure to request an appropriation, and that action or failure to act delays or halts the process under this section for payment of a bill submitted by a contractor under subsection (h).

This subsection expires June 30, 2004.

(u) The department of local government finance, upon receiving notice under subsection (t) from the contractor, shall:

(1) verify the accuracy of the contractor's assertion in the notice that:

(A) a failure occurred as described in subsection (t)(1) or (t)(2); or

(B) a person or entity acted or failed to act as described in subsection (t)(3); and

(2) provide to the treasurer of state the department of local government finance's approval under subsection (h)(2)(A) of the bill with respect to which the contractor gave notice under subsection (t).

This subsection expires June 30, 2004.

(v) Upon receipt of the approval of the department of local government finance under subsection (u), the treasurer of state shall pay the contractor the amount of the bill approved by the department of local government finance from money in the possession of the state that would otherwise be available for distribution to the qualifying county, including distributions from the property tax replacement fund or distributions of admissions taxes or wagering taxes. This subsection expires June 30, 2004.

(w) The treasurer of state shall withhold from the part attributable to the county of the next distribution to the county treasurer under

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IC 4-33-12-6, IC 4-33-13-5, IC 6-1.1-21-4(b), or another law the amount of any payment made by the treasurer of state to the contractor under subsection (v). Money shall be deducted first from money payable under IC 6-1.1-21.4(b) and then from all other funds payable to the qualifying county. This subsection expires June 30, 2004.

(x) Compliance with subsections (t) through (w) shall be treated as compliance with IC 5-11-10. This subsection expires June 30, 2004.

(y) IC 5-11-10-1.6(d) applies to the treasurer of state with respect to the payment made in compliance with subsections (t) through (w). This subsection and subsections (t) through (x) shall be interpreted liberally so that the state shall, to the extent legally valid, ensure that the contractual obligations of a county under this section are paid. Nothing in this subsection or subsections (t) through (x) shall be construed to create a debt of the state. This subsection expires June 30, 2004.

(z) This section expires December 31, 2006.

SECTION 4. IC 6-1.1-4-35, AS ADDED BY P.L. 1-2004, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 35. (a) This section applies to a county other than a county subject to section 32 of this chapter.

(b) This section applies to a general reassessment of real property conducted under section 4(a) of this chapter that is scheduled to become effective for property taxes first due and payable in 2003.

(c) As used in this section, "department" refers to the department of local government finance.

(d) As used in this section, "reassessment official" means any of the following:

- (1) A county assessor.
- (2) A township assessor.
- (3) A township trustee-assessor.

(e) If:

- (1) the department determines that a county's reassessment officials are unable to complete the reassessment in a timely manner; or
- (2) the department determines that a county's reassessment officials are likely to complete the reassessment in an inaccurate manner;

the department may order a state conducted reassessment in the county. The department may consider a reassessment in a county untimely if the county does not submit the county's equalization study to the department in the manner prescribed under 50 IAC 14 before October 20, 2003. The department may consider the reassessment work of a county's reassessment officials inaccurate if the department determines

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1 from a sample of the assessments completed in the county that there is  
 2 a variance exceeding ten percent (10%) between the total assessed  
 3 valuation of the real property within the sample and the total assessed  
 4 valuation that would result if the real property within the sample were  
 5 valued in the manner provided by law.

6 (f) If the department orders a state conducted reassessment in a  
 7 county, the department shall assume the duties of the county's  
 8 reassessment officials. Notwithstanding sections 15 and 17 of this  
 9 chapter, a reassessment official in a county subject to an order issued  
 10 under this section may not assess property or have property assessed  
 11 for the general reassessment. Until the state conducted reassessment is  
 12 completed under this section, the reassessment duties of a reassessment  
 13 official in the county are limited to providing the department or a  
 14 contractor of the department the support and information requested by  
 15 the department or the contractor.

16 (g) Before assuming the duties of a county's reassessment officials,  
 17 the department shall transmit a copy of the department's order requiring  
 18 a state conducted reassessment to the county's reassessment officials,  
 19 the county fiscal body, the county auditor, and the county treasurer.  
 20 Notice of the department's actions must be published one (1) time in a  
 21 newspaper of general circulation in the county. The department is not  
 22 required to conduct a public hearing before taking action under this  
 23 section.

24 (h) Township and county officials in a county subject to an order  
 25 issued under this section shall, at the request of the department or the  
 26 department's contractor, make available and provide access to all:

- 27 (1) data;
- 28 (2) records;
- 29 (3) maps;
- 30 (4) parcel record cards;
- 31 (5) forms;
- 32 (6) computer software systems;
- 33 (7) computer hardware systems; and
- 34 (8) other information;

35 related to the reassessment of real property in the county. The  
 36 information described in this subsection must be provided at no cost to  
 37 the department or the contractor of the department. A failure to provide  
 38 information requested under this subsection constitutes a failure to  
 39 perform a duty related to a general reassessment and is subject to  
 40 IC 6-1.1-37-2.

41 (i) The department may enter into a contract with a professional  
 42 appraising firm to conduct a reassessment under this section. If a

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1 county or a township located in the county entered into a contract with  
 2 a professional appraising firm to conduct the county's reassessment  
 3 before the department orders a state conducted reassessment in the  
 4 county under this section, the contract:

5 (1) is as valid as if it had been entered into by the department; and

6 (2) shall be treated as the contract of the department.

7 (j) After receiving the report of assessed values from the appraisal  
 8 firm acting under a contract described in subsection (i), the department  
 9 of local government finance shall give notice to the taxpayer and the  
 10 county assessor, by mail, of the amount of the reassessment. The notice  
 11 of reassessment:

12 (1) is subject to appeal by the taxpayer under section 37 of this  
 13 chapter; and

14 (2) must include a statement of the taxpayer's rights under section  
 15 37 of this chapter.

16 (k) The department shall forward a bill for services provided under  
 17 a contract described in subsection (i) to the auditor of the county in  
 18 which the state conducted reassessment occurs. The county shall pay  
 19 the bill under the procedures prescribed by subsection (l).

20 (l) A county subject to an order issued under this section shall pay  
 21 the cost of a contract described in subsection (i), without appropriation,  
 22 from the county's property reassessment fund. A contractor may  
 23 periodically submit bills for partial payment of work performed under  
 24 the contract. Notwithstanding any other law, a contractor is entitled to  
 25 payment under this subsection for work performed under a contract if  
 26 the contractor:

27 (1) submits to the department a fully itemized, certified bill in the  
 28 form required by IC 5-11-10-1 for the costs of the work performed  
 29 under the contract;

30 (2) obtains from the department:

31 (A) approval of the form and amount of the bill; and

32 (B) a certification that the billed goods and services have been  
 33 received and comply with the contract; and

34 (3) files with the county auditor:

35 (A) a duplicate copy of the bill submitted to the department;

36 (B) proof of the department's approval of the form and amount  
 37 of the bill; and

38 (C) the department's certification that the billed goods and  
 39 services have been received and comply with the contract.

40 The department's approval and certification of a bill under subdivision  
 41 (2) shall be treated as conclusively resolving the merits of a contractor's  
 42 claim. Upon receipt of the documentation described in subdivision (3),

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the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive. The county executive shall allow the claim, in full, as approved by the department, without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after the completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department. Compliance with this subsection constitutes compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim submitted under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection.

(m) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2 on a contract of the department entered into under this section:

- (1) The commissioner of the Indiana department of administration.
- (2) The director of the budget agency.
- (3) The attorney general.

(n) If the money in a county's property reassessment fund is insufficient to pay for a reassessment conducted under this section, the department may increase the tax rate and tax levy of the county's property reassessment fund to pay the cost and expenses related to the reassessment.

(o) The department or the contractor of the department shall use the land values determined under section 13.6 of this chapter **(before its repeal)** for a county subject to an order issued under this section to the extent that the department or the contractor finds that the land values reflect the true tax value of land, as determined under this article and the rules of the department. If the department or the contractor finds that the land values determined for the county under section 13.6 of this chapter **(before its repeal)** do not reflect the true tax value of land, the department or the contractor shall determine land values for the county that reflect the true tax value of land, as determined under this article and the rules of the department. Land values determined under this subsection shall be used to the same extent as if the land values had been determined under section 13.6 of this chapter **(before its**

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**repeal).** The department or the contractor of the department shall notify the county's reassessment officials of the land values determined under this subsection.

(p) A contractor of the department may notify the department if:

(1) a county auditor fails to:

(A) certify the contractor's bill;

(B) publish the contractor's claim;

(C) submit the contractor's claim to the county executive; or

(D) issue a warrant or check for payment of the contractor's bill;

as required by subsection (l) at the county auditor's first legal opportunity to do so;

(2) a county executive fails to allow the contractor's claim as legally required by subsection (l) at the county executive's first legal opportunity to do so; or

(3) a person or an entity authorized to act on behalf of the county takes or fails to take an action, including failure to request an appropriation, and that action or failure to act delays or halts progress under this section for payment of the contractor's bill.

(q) The department, upon receiving notice under subsection (p) from a contractor of the department, shall:

(1) verify the accuracy of the contractor's assertion in the notice that:

(A) a failure occurred as described in subsection (p)(1) or (p)(2); or

(B) a person or entity acted or failed to act as described in subsection (p)(3); and

(2) provide to the treasurer of state the department's approval under subsection (l)(2)(A) of the contractor's bill with respect to which the contractor gave notice under subsection (p).

(r) Upon receipt of the department's approval of a contractor's bill under subsection (q), the treasurer of state shall pay the contractor the amount of the bill approved by the department from money in the possession of the state that would otherwise be available for distribution to the county, including distributions from the property tax replacement fund or distribution of admissions taxes or wagering taxes.

(s) The treasurer of state shall withhold from the money that would be distributed under IC 4-33-12-6, IC 4-33-13-5, IC 6-1.1-21-4(b) or any other law to a county described in a notice provided under subsection (p) the amount of a payment made by the treasurer of state to the contractor of the department under subsection (r). Money shall be withheld first from the money payable to the county under

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1 IC 6-1.1-21-4(b) and then from all other sources payable to the county.

2 (t) Compliance with subsections (p) through (s) constitutes  
3 compliance with IC 5-11-10.

4 (u) IC 5-11-10-1.6(d) applies to the treasurer of state with respect  
5 to the payment made in compliance with subsections (p) through (s).  
6 This subsection and subsections (p) through (s) must be interpreted  
7 liberally so that the state shall, to the extent legally valid, ensure that  
8 the contractual obligations of a county subject to this section are paid.  
9 Nothing in this section shall be construed to create a debt of the state.

10 (v) The provisions of this section are severable as provided in  
11 IC 1-1-1-8(b).

12 (w) This section expires January 1, 2007.

13 SECTION 5. IC 6-1.1-5.5-3, AS AMENDED BY P.L.1-2004,  
14 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 UPON PASSAGE]: Sec. 3. (a) Before filing a conveyance document  
16 with the county auditor under IC 6-1.1-5-4, all the parties to the  
17 conveyance must complete and sign a sales disclosure form as  
18 prescribed by the department of local government finance under  
19 section 5 of this chapter. All the parties may sign one (1) form, or if all  
20 the parties do not agree on the information to be included on the  
21 completed form, each party may sign and file a separate form.

22 (b) Except as provided in subsection (c), the auditor shall forward  
23 each sales disclosure form to the county assessor. The county assessor  
24 shall retain the forms for five (5) years. The county assessor shall  
25 forward the sales disclosure form data to the department of local  
26 government finance and the legislative services agency:

27 (1) before January 1, 2005, in an electronic format, if possible;  
28 and

29 (2) after December 31, 2004, in an electronic format specified  
30 jointly by the department of local government finance and the  
31 legislative services agency.

32 The county assessor shall forward a copy of the sales disclosure forms  
33 to the township assessors in the county. The forms may be used by the  
34 county assessing officials, the department of local government finance,  
35 and the legislative services agency for the purposes established in  
36 ~~IC 6-1.1-4-13.6~~, sales ratio studies, equalization, adoption of rules  
37 under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized  
38 purpose.

39 (c) In a county containing a consolidated city, the auditor shall  
40 forward the sales disclosure form to the appropriate township assessor.  
41 The township assessor shall forward the sales disclosure form to the  
42 department of local government finance and the legislative services

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agency:

(1) before January 1, 2005, in an electronic format, if possible;

and

(2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

The township assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for the purposes established in IC 6-1.1-4-13-6; sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

SECTION 6. IC 6-1.1-12-41, AS ADDED BY P.L.192-2002(ss), SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 41. (a) This section does not apply to assessment years beginning after December 31, 2005.

(b) As used in this section, "assessed value of inventory" means the assessed value determined after the application of any deductions or adjustments that apply by statute or rule to the assessment of inventory, other than the deduction allowed under subsection (f).

(c) As used in this section, "county income tax council" means a council established by IC 6-3.5-6-2.

(d) As used in this section, "fiscal body" has the meaning set forth in IC 36-1-2-6.

(e) As used in this section, "inventory" has the meaning set forth in IC 6-1.1-3-11.

(f) An ordinance may be adopted in a county to provide that a deduction applies to the assessed value of inventory located in the county. The deduction is equal to one hundred percent (100%) of the assessed value of inventory located in the county for the appropriate year of assessment. An ordinance adopted under this subsection must be adopted before January 1 of a calendar year beginning after December 31, 2002. An ordinance adopted under this section in a particular year applies to each subsequent assessment year ending before January 1, 2006. An ordinance adopted under this section may be consolidated with an ordinance adopted under IC 6-3.5-7-25 or IC 6-3.5-7-26. The consolidation of an ordinance adopted under this section with an ordinance adopted under IC 6-3.5-7-26 does not cause the ordinance adopted under IC 6-3.5-7-26 to expire after December 31, 2005.

(g) An ordinance may not be adopted under subsection (f) after

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1 ~~March 30, December 15, 2004.~~ However, an ordinance adopted under  
 2 this section may be amended after ~~March 30, December 15, 2004,~~ to  
 3 consolidate an ordinance adopted under IC 6-3.5-7-26.

4 (h) The entity that may adopt the ordinance permitted under  
 5 subsection (f) is:

6 (1) the county income tax council if the county option income tax  
 7 is in effect on January 1 of the year in which an ordinance under  
 8 this section is adopted;

9 (2) the county fiscal body if the county adjusted gross income tax  
 10 is in effect on January 1 of the year in which an ordinance under  
 11 this section is adopted; or

12 (3) the county income tax council or the county fiscal body,  
 13 whichever acts first, for a county not covered by subdivision (1)  
 14 or (2).

15 To adopt an ordinance under subsection (f), a county income tax  
 16 council shall use the procedures set forth in IC 6-3.5-6 concerning the  
 17 imposition of the county option income tax. The entity that adopts the  
 18 ordinance shall provide a certified copy of the ordinance to the  
 19 department of local government finance before February 1.

20 (i) A taxpayer is not required to file an application to qualify for the  
 21 deduction permitted under subsection (f).

22 (j) The department of local government finance shall incorporate the  
 23 deduction established in this section in the personal property return  
 24 form to be used each year for filing under IC 6-1.1-3-7 or  
 25 IC 6-1.1-3-7.5 to permit the taxpayer to enter the deduction on the  
 26 form. If a taxpayer fails to enter the deduction on the form, the  
 27 township assessor shall:

28 (1) determine the amount of the deduction; and

29 (2) within the period established in IC 6-1.1-16-1, issue a notice  
 30 of assessment to the taxpayer that reflects the application of the  
 31 deduction to the inventory assessment.

32 (k) The deduction established in this section must be applied to any  
 33 inventory assessment made by:

34 (1) an assessing official;

35 (2) a county property tax board of appeals; or

36 (3) the department of local government finance.

37 SECTION 7. IC 6-1.1-12.1-14 IS ADDED TO THE INDIANA  
 38 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 39 [EFFECTIVE UPON PASSAGE]: **Sec. 14. Notwithstanding the**  
 40 **enactment of P.L.245-2003 and P.L.256-2003, the duties under this**  
 41 **chapter that are transferred from the department of local**  
 42 **government finance to county auditors by the acts referred to in**

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1 this section shall be performed by:

- 2 (1) the department of local government finance for actions  
 3 relating to the granting of deductions for property taxes first  
 4 due and payable in 2004 and 2005; and  
 5 (2) county auditors for actions related to the granting of  
 6 deductions for property taxes first due and payable in 2006  
 7 and thereafter.

8 SECTION 8. IC 6-1.1-13-1 IS AMENDED TO READ AS  
 9 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. ~~The powers~~  
 10 ~~granted to each county property tax assessment board of appeals under~~  
 11 ~~this chapter apply only to the tangible property assessments made with~~  
 12 ~~respect to the last preceding assessment date.~~ Before a county property  
 13 tax assessment board of appeals changes any valuation or adds any  
 14 tangible property and the value of it to a return or the assessment rolls  
 15 under this chapter, the board shall give prior notice by mail to the  
 16 taxpayer. The notice must state a time when and place where the  
 17 taxpayer may appear before the board. The time stated in the notice  
 18 must be at least ten (10) days after the date the notice is mailed.

19 SECTION 9. IC 6-1.1-13-6, AS AMENDED BY P.L.256-2003,  
 20 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21 UPON PASSAGE]: Sec. 6. A county assessor shall inquire into the  
 22 assessment of the classes of tangible property in the various townships  
 23 of the county:

- 24 (1) after March 1 in the year in which ~~the~~ a general reassessment  
 25 of real property becomes effective under IC 6-1.1-4-4; or  
 26 (2) in other years under the rules of the department of local  
 27 government finance pertaining to:  
 28 (A) equalization under IC 6-1.1-14; and  
 29 (B) annual adjustments under IC 6-1.1-4.5.

30 The county assessor shall make any changes, whether increases or  
 31 decreases, in the assessed values which are necessary in order to  
 32 equalize these values in and between the various townships of the  
 33 county. In addition, the county assessor shall determine the percent to  
 34 be added to or deducted from the assessed values in order to make a  
 35 just, equitable, and uniform equalization of assessments in and between  
 36 the townships of the county.

37 SECTION 10. IC 6-1.1-13-7 IS AMENDED TO READ AS  
 38 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) If a county  
 39 assessor proposes to change assessments under section 6 of this  
 40 chapter, the property tax assessment board of appeals shall hold a  
 41 hearing on the proposed changes:

- 42 (1) before July 15 in ~~the~~ a year in which a general assessment is

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1 ~~to commence; becomes effective; or~~

2 **(2) in other years under the rules of the department of local**  
 3 **government finance pertaining to:**

4 **(A) equalization under IC 6-1.1-14; and**

5 **(B) annual adjustments under IC 6-1.1-4-4.5.**

6 **(b)** It is sufficient notice of ~~the~~ **a hearing under subsection (a)** and  
 7 of any changes in assessments ordered by the board subsequent to the  
 8 hearing if the board gives notice by publication once either in:

9 (1) two (2) newspapers which represent different political parties  
 10 and which are published in the county; or

11 (2) one (1) newspaper only, if two (2) newspapers which  
 12 represent different political parties are not published in the  
 13 county.

14 SECTION 11. IC 6-1.1-14-4, AS AMENDED BY P.L.90-2002,  
 15 SECTION 130, IS AMENDED TO READ AS FOLLOWS  
 16 [EFFECTIVE UPON PASSAGE]: Sec. 4. The department of local  
 17 government finance shall review the assessments of all tangible  
 18 property made by the various counties of this state. **The department**  
 19 **of local government finance may employ qualified professional**  
 20 **appraisers and other professionals to assist in the review.** If the  
 21 department of local government finance determines that the assessment  
 22 of a county appears to be improper, the department shall mail a  
 23 certified notice to the auditor of the county informing the auditor of the  
 24 department's determination to consider the modification of that county's  
 25 assessment. The notice shall state whether the modification to be  
 26 considered is related to real property, personal property, or both. The  
 27 notice shall also state a day, at least ten (10) days after the day the  
 28 notice is mailed, when a hearing on the assessment will be held. In  
 29 addition to the notice to the county auditor, the department of local  
 30 government finance shall give the notice, if any, required under section  
 31 9(a) of this chapter.

32 SECTION 12. IC 6-1.1-17-1, AS AMENDED BY P.L.90-2002,  
 33 SECTION 147, IS AMENDED TO READ AS FOLLOWS  
 34 [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) On or before August 1 of  
 35 each year, the county auditor shall send a certified statement, under the  
 36 seal of the board of county commissioners **and in the form required**  
 37 **by the department of local government finance,** to the fiscal officer  
 38 of each political subdivision of the county and the department of local  
 39 government finance. The statement shall contain:

40 (1) information concerning the assessed valuation in the political  
 41 subdivision for the next calendar year;

42 (2) an estimate of the taxes to be distributed to the political

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subdivision during the last six (6) months of the current calendar year;

(3) the current assessed valuation as shown on the abstract of charges;

(4) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the department of local government finance; and

(5) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

SECTION 13. IC 6-1.1-17-20, AS AMENDED BY P.L.1-2004, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. (a) This section applies:

(1) to each governing body of a taxing unit that is not comprised of a majority of officials who are elected to serve on the governing body; and

(2) if the proposed property tax levy for the taxing unit for the ensuing calendar year is more than five percent (5%) greater than the property tax levy for the taxing unit for the current calendar year.

(b) As used in this section, "taxing unit" has the meaning set forth in IC 6-1.1-1-21, except that the term does not include a school corporation.

(c) **This subsection does not apply to a public library.** If:

(1) the assessed valuation of a taxing unit is entirely contained within a city or town; or

(2) the assessed valuation of a taxing unit is not entirely contained within a city or town but the taxing unit was originally established by the city or town;

the governing body shall submit its proposed budget and property tax levy to the city or town fiscal body. The proposed budget and levy shall

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be submitted at least fourteen (14) days before the city or town fiscal body is required to hold budget approval hearings under this chapter.

(d) **This subsection does not apply to a public library.** If subsection (c) does not apply, the governing body of the taxing unit shall submit its proposed budget and property tax levy to the county fiscal body in the county where the taxing unit has the most assessed valuation. The proposed budget and levy shall be submitted at least fourteen (14) days before the county fiscal body is required to hold budget approval hearings under this chapter.

(e) **This subsection applies to a taxing unit that is a public library. The library board of a public library subject to this section shall submit its proposed budget and property tax levy to the fiscal body designated under IC 20-14-14.**

~~(e)~~ (f) The fiscal body of the city, town, or county (whichever applies) **or the fiscal body designated under IC 20-14-14 (in the case of a public library)** shall review each budget and proposed tax levy and adopt a final budget and tax levy for the taxing unit. The fiscal body may reduce or modify but not increase the proposed budget or tax levy.

SECTION 14. IC 6-1.1-19-4.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 4.8. (a) As used in this section:**

(1) "2004 taxes" refers to property taxes first due and payable in 2004; and

(2) "later years" refers to the six (6) calendar years that immediately succeed 2004.

(b) **This section applies to a school corporation that:**

(1) appealed for emergency financial relief under section 2(d) of this chapter for 2004 taxes;

(2) held a referendum in 2003 under section 4.5(c) of this chapter in which the majority of voters approved the imposition for:

(A) 2004 taxes; and

(B) property taxes first due and payable in later years; of a property tax rate in the amount certified in the referendum question and that is in addition to the school corporation's normal tax rate; and

(3) was notified by the department of local government finance under section 4.5(c)(6) of this chapter that the school corporation is authorized for 2004 taxes to collect a referendum tax levy.

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(c) The department of local government finance shall approve under IC 6-1.1-17-16 for a school corporation for 2004 taxes a tax levy that includes a referendum tax levy under section 4.5(c)(6) of this chapter in the amount of the product of:

(1) the property tax rate in the amount referred to in subsection (b)(2); multiplied by

(2) the final certified assessed value of the school corporation for the 2003 assessment date.

(d) The department of local government finance shall approve under IC 6-1.1-17-16 for a school corporation for property taxes first due and payable in each of the later years a tax levy that includes a referendum tax levy under section 4.5(c)(6) of this chapter in the amount of the product of:

(1) the property tax rate in the amount referred to in subsection (b)(2); multiplied by

(2) the final certified assessed value of the school corporation for the assessment date in the calendar year that immediately precedes the calendar year in which the taxes are first due and payable.

(e) This section expires January 1, 2011.

SECTION 15. IC 6-1.1-21-4, AS AMENDED BY P.L.245-2003, SECTION 19, AND AS AMENDED BY P.L.264-2003, SECTION 12, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Each year the department shall allocate from the property tax replacement fund an amount equal to the sum of:

(1) each county's total eligible property tax replacement amount for that year; plus

(2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus

(3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the subdivision (1) amount that is

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1 attributable to the taxing district; by

2 (B) the STEP ONE sum.

3 STEP THREE: Multiply:

4 (A) the STEP TWO quotient; times

5 (B) the taxes levied in the taxing district that are allocated to  
6 a special fund under IC 6-1.1-39-5.

7 (b) Except as provided in subsection (e), between March 1 and  
8 August 31 of each year, the department shall distribute to each county  
9 treasurer from the property tax replacement fund one-half (1/2) of the  
10 estimated distribution for that year for the county. Between September  
11 1 and December 15 of that year, the department shall distribute to each  
12 county treasurer from the property tax replacement fund the remaining  
13 one-half (1/2) of each estimated distribution for that year. The amount  
14 of the distribution for each of these periods shall be according to a  
15 schedule determined by the property tax replacement fund board under  
16 section 10 of this chapter. The estimated distribution for each county  
17 may be adjusted from time to time by the department to reflect any  
18 changes in the total county tax levy upon which the estimated  
19 distribution is based.

20 (c) On or before December 31 of each year or as soon thereafter as  
21 possible, the department shall make a final determination of the amount  
22 which should be distributed from the property tax replacement fund to  
23 each county for that calendar year. This determination shall be known  
24 as the final determination of distribution. The department shall  
25 distribute to the county treasurer or receive back from the county  
26 treasurer any deficit or excess, as the case may be, between the sum of  
27 the distributions made for that calendar year based on the estimated  
28 distribution and the final determination of distribution. The final  
29 determination of distribution shall be based on the auditor's abstract  
30 filed with the auditor of state, adjusted for postabstract adjustments  
31 included in the December settlement sheet for the year, and such  
32 additional information as the department may require.

33 (d) All distributions provided for in this section shall be made on  
34 warrants issued by the auditor of state drawn on the treasurer of state.  
35 If the amounts allocated by the department from the property tax  
36 replacement fund exceed in the aggregate the balance of money in the  
37 fund, then the amount of the deficiency shall be transferred from the  
38 state general fund to the property tax replacement fund, and the auditor  
39 of state shall issue a warrant to the treasurer of state ordering the  
40 payment of that amount. However, any amount transferred under this  
41 section from the general fund to the property tax replacement fund  
42 shall, as soon as funds are available in the property tax replacement

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fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (i), the ~~department auditor of state~~ shall not distribute **to a county treasurer two percent (2%) of the money otherwise distributable** under subsection (b), **subsection (c),** and section 10 of this chapter ~~the money attributable to the county's property reassessment fund~~ if:

(1) by the date the distribution is scheduled to be made, ~~the~~ the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance; ~~or~~

(2) *by the deadline under IC 36-2-9-20, the county auditor has not transmitted data as required under that section; or*

~~(2) (3) the county assessor has not forwarded to the department of local government finance the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a).~~

**The auditor of state shall consider the provision of information referred to in this subsection to be untimely if the department notifies the auditor of state in writing that information provided is inaccurate, incomplete, or, with respect to information referred to in subdivisions (1) and (2), not in the form required by the department of local government finance. The withholding under this subsection of two percent (2%) of money otherwise distributable under section 10 of this chapter applies separately to each distribution referred to in section 10(b) of this chapter.**

(f) Except as provided in subsection (i), if the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25(b), the ~~state board or the department~~ **auditor of state** shall not distribute **to the county treasurer two percent (2%) of the money otherwise distributable to the county treasurer** under subsection (b), **subsection (c),** and section 10 of this chapter. ~~a part of the money attributable to the county's property reassessment fund. The portion not distributed is the amount that bears the same proportion to the total potential distribution as the number of townships in the county for which data was not transmitted by August + October + as described in this section bears to the total number of townships in the county.~~

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(g) Money not distributed ~~under subsection (e)~~ for the reasons stated in subsection (e)(1), ~~and~~ (e)(2), **and (e)(3)** shall be distributed to the county when:

(1) the county auditor sends to the department of local government finance the certified statement required to be sent under IC 6-1.1-17-1; ~~and~~

(2) **the county auditor transmits data as required under IC 36-2-9-20; and**

(3) *the county assessor forwards to the department of local government finance the approved exemption applications required to be forwarded under IC 6-1.1-11-8(a);*

with respect to which the failure to send, **transmit**, *or forward* resulted in the withholding of the distribution under subsection (e).

(h) Money not distributed under subsection (f) shall be distributed to the county when the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor transmits to the department of local government finance the data required to be transmitted under IC 6-1.1-4-25(b) with respect to which the failure to transmit resulted in the withholding of the distribution under subsection (f).

(i) The restrictions on distributions under subsections (e) and (f) do not apply if the department of local government finance determines that:

(1) the failure of:

(A) a county auditor to send a certified statement; *or*

(B) a county assessor to forward copies of all approved exemption applications;

as described in subsection (e); or

(2) the failure of an official to transmit data as described in subsection (f);

is justified by unusual circumstances.

SECTION 16. IC 6-1.1-34-9, AS AMENDED BY P.L.90-2002, SECTION 244, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. In order to perform the duties assigned to it under this chapter, the department of local government finance:

(1) shall conduct continuing studies of all property which is subject to assessment in this state;

(2) may request access to all local and state official records;

(3) may secure information from the federal government or from public or private agencies;

(4) **may:**

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- 1 (A) contract with; and  
 2 (B) rely on findings made by:  
 3 the Indiana Fiscal Policy Institute and professional  
 4 appraisers;  
 5 (5) may inspect a person's books, records, or property if the item  
 6 is relevant to information which the department needs in order to  
 7 implement this chapter; and  
 8 ~~(5)~~ (6) may adopt appropriate forms and procedures.
- 9 SECTION 17. IC 6-1.1-35-1.1, AS AMENDED BY P.L.1-2004,  
 10 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 11 JULY 1, 2004]: Sec. 1.1. (a) Each county assessor and each elected  
 12 assessor who has not attained the certification of a "level two"  
 13 assessor-appraiser under IC 6-1.1-35.5 must employ at least one (1)  
 14 certified "level two" assessor-appraiser.
- 15 (b) Each elected county assessor, township assessor, or elected  
 16 trustee-assessor must:  
 17 (1) attain the certification of a "level one" assessor-appraiser  
 18 within one (1) year after taking office; and  
 19 (2) attain the certification of a "level two" assessor-appraiser  
 20 within two (2) years after taking office.
- 21 ~~(c) An A county assessor or trustee-assessor township assessor~~  
 22 ~~who does not comply with this subsection (b) forfeits the assessor's or~~  
 23 ~~trustee-assessor's office.~~
- 24 ~~(c)~~ (d) A county assessor or township assessor or trustee-assessor  
 25 appointed to fill a vacancy resulting from a forfeiture of office under  
 26 subsection ~~(b)~~ (c) is subject to the requirements of subsection (b).
- 27 (e) If a trustee-assessor fails to comply with subsection (b), the  
 28 county assessor shall perform the duties of the trustee-assessor  
 29 related to the assessment of real property until the trustee-assessor  
 30 attains the required certification.
- 31 (f) The county fiscal body may adjust the appropriations to the  
 32 trustee-assessor and the county assessor for assessment services for  
 33 the duration of a change in duties under subsection (e) to recognize  
 34 the change in duties.
- 35 (g) Except as provided in subsection (h), a trustee-assessor who  
 36 fails to attain the certification of a "level two" assessor-appraiser  
 37 before the end of the trustee-assessor's term of office may not seek  
 38 another term as trustee-assessor until both "level one" and "level  
 39 two" assessor-appraiser certificates have been obtained.
- 40 (h) Notwithstanding subsection (g), a person who:  
 41 (1) is appointed or selected under IC 3-13 to fill a vacancy in  
 42 the office of trustee-assessor when the remaining length of the

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term is less than two (2) years; and  
 (2) has not attained the certification of a "level two"  
 assessor-appraiser before the end of the term to which the  
 person was appointed or selected;  
 may seek election to the office of trustee- assessor.

(i) A person described in subsection (h) must attain the  
 certification of a "level two" assessor-appraiser not later than two  
 (2) years after the date the person was appointed or selected to fill  
 a vacancy in the office of trustee-assessor.

SECTION 18. IC 6-3-1-3.5, AS AMENDED BY P.L.1-2004,  
 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 JANUARY 1, 2004 (RETROACTIVE)]: Sec. 3.5. When used in this  
 article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as  
 defined in Section 62 of the Internal Revenue Code), modified as  
 follows:

(1) Subtract income that is exempt from taxation under this article  
 by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed  
 or allowable pursuant to Section 62 of the Internal Revenue Code  
 for taxes based on or measured by income and levied at the state  
 level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a  
 joint return filed by a husband and wife, subtract for each spouse  
 one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the  
 Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of  
 the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by  
 the taxpayer and if the spouse, for the calendar year in which  
 the taxable year of the taxpayer begins, has no gross income  
 and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars (\$1,500) for each of the  
 exemptions allowed under Section 151(c)(1)(B) of the Internal  
 Revenue Code for taxable years beginning after December 31,  
 1996; and

(B) five hundred dollars (\$500) for each additional amount  
 allowable under Section 63(f)(1) of the Internal Revenue Code  
 if the adjusted gross income of the taxpayer, or the taxpayer

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- 1 and the taxpayer's spouse in the case of a joint return, is less
- 2 than forty thousand dollars (\$40,000).
- 3 This amount is in addition to the amount subtracted under
- 4 subdivision (4).
- 5 (6) Subtract an amount equal to the lesser of:
- 6 (A) that part of the individual's adjusted gross income (as
- 7 defined in Section 62 of the Internal Revenue Code) for that
- 8 taxable year that is subject to a tax that is imposed by a
- 9 political subdivision of another state and that is imposed on or
- 10 measured by income; or
- 11 (B) two thousand dollars (\$2,000).
- 12 (7) Add an amount equal to the total capital gain portion of a
- 13 lump sum distribution (as defined in Section 402(e)(4)(D) of the
- 14 Internal Revenue Code) if the lump sum distribution is received
- 15 by the individual during the taxable year and if the capital gain
- 16 portion of the distribution is taxed in the manner provided in
- 17 Section 402 of the Internal Revenue Code.
- 18 (8) Subtract any amounts included in federal adjusted gross
- 19 income under Section 111 of the Internal Revenue Code as a
- 20 recovery of items previously deducted as an itemized deduction
- 21 from adjusted gross income.
- 22 (9) Subtract any amounts included in federal adjusted gross
- 23 income under the Internal Revenue Code which amounts were
- 24 received by the individual as supplemental railroad retirement
- 25 annuities under 45 U.S.C. 231 and which are not deductible under
- 26 subdivision (1).
- 27 (10) Add an amount equal to the deduction allowed under Section
- 28 221 of the Internal Revenue Code for married couples filing joint
- 29 returns if the taxable year began before January 1, 1987.
- 30 (11) Add an amount equal to the interest excluded from federal
- 31 gross income by the individual for the taxable year under Section
- 32 128 of the Internal Revenue Code if the taxable year began before
- 33 January 1, 1985.
- 34 (12) Subtract an amount equal to the amount of federal Social
- 35 Security and Railroad Retirement benefits included in a taxpayer's
- 36 federal gross income by Section 86 of the Internal Revenue Code.
- 37 (13) In the case of a nonresident taxpayer or a resident taxpayer
- 38 residing in Indiana for a period of less than the taxpayer's entire
- 39 taxable year, the total amount of the deductions allowed pursuant
- 40 to subdivisions (3), (4), (5), and (6) shall be reduced to an amount
- 41 which bears the same ratio to the total as the taxpayer's income
- 42 taxable in Indiana bears to the taxpayer's total income.

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(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of 2004, the amount determined under subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(20) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under**

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**Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).**

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(6) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).**

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable

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under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(6) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).**

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted

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gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(6) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).**

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(4) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the**

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property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP THREE amount and two thousand five hundred dollars (\$2,500).

SECTION 19. IC 6-3-1-11, AS AMENDED BY P.L.105-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 11. (a) The term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, ~~2003~~; **2004**.

(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, ~~2003~~; **2004**, that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on January 1, ~~2003~~; **2004**, shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, ~~2003~~; **2004**, that is effective for any taxable year that began before January 1, ~~2003~~; **2004**, and that affects:

(1) individual adjusted gross income (as defined in Section 62 of

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the Internal Revenue Code);

(2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);

(3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);

(4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);

(5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or

(6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining adjusted gross income under section 3.5 of this chapter.

SECTION 20. IC 6-3-1-33, AS ADDED BY P.L.105-2003, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 33. As used in this article, "bonus depreciation" means an amount equal to that part of any depreciation allowance allowed in computing the taxpayer's federal adjusted gross income or federal taxable income that is attributable to the additional first-year special depreciation allowance (bonus depreciation) for qualified property allowed under Section 168(k) of the Internal Revenue Code, **including the special depreciation allowance for 50-percent bonus depreciation property.**

SECTION 21. IC 6-3.5-1.1-12, AS AMENDED BY P.L.90-2002, SECTION 293, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The part of a county's certified distribution for a calendar year that is to be used as property tax replacement credits shall be allocated by the county auditor among the civil taxing units and school corporations of the county.

(b) Except as provided in section 13 of this chapter, the amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive during a calendar year equals the product of:

(1) that part of the county's certified distribution that is dedicated to providing property tax replacement credits for that same calendar year; multiplied by

(2) a fraction:

(A) The numerator of the fraction equals the sum of the total property taxes ~~being that were certified to be~~ collected by the civil taxing unit or school corporation ~~during that in the~~ immediately preceding calendar year, **as provided in the approved abstract for the immediately preceding calendar**

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year, plus with respect to a civil taxing unit, the amount of federal revenue sharing funds and certified shares received by it during ~~that~~ **the immediately preceding** calendar year to the extent that they ~~are were~~ used to reduce its property tax levy below the limit imposed by IC 6-1.1-18.5 for that same calendar year.

(B) The denominator of the fraction equals the sum of the total property taxes ~~being that were certified to be~~ collected by all civil taxing units and school corporations **in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year**, plus the amount of federal revenue sharing funds and certified shares received by all civil taxing units in the county to the extent that they ~~are were~~ used to reduce the civil taxing units' property tax levies below the limits imposed by IC 6-1.1-18.5 for that same calendar year.

(c) The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits it is entitled to receive (after adjustment made under section 13 of this chapter) during that calendar year. The county auditor shall also certify these distributions to the county treasurer.

SECTION 22. IC 6-3.5-1.1-15, AS AMENDED BY P.L.255-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) As used in this section, "attributed levy" of a civil taxing unit means the sum of:

(1) the ad valorem property tax levy of the civil taxing unit that is ~~currently being was certified to be~~ collected ~~at the time the allocation is made;~~ **in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year;** plus

(2) the ~~current~~ ad valorem property tax levy **in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year**, of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus

(3) the amount of federal revenue sharing funds and certified shares that were used by the civil taxing unit (or any special taxing district, authority, board, or other entity formed to

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1 discharge governmental services or functions on behalf of or  
 2 ordinarily attributable to the civil taxing unit) to reduce its ad  
 3 valorem property tax levies below the limits imposed by  
 4 IC 6-1.1-18.5; plus

5 (4) in the case of a county, an amount equal to the property taxes  
 6 imposed by the county in 1999 for the county's welfare fund and  
 7 welfare administration fund.

8 (b) The part of a county's certified distribution that is to be used as  
 9 certified shares shall be allocated only among the county's civil taxing  
 10 units. Each civil taxing unit of a county is entitled to receive a  
 11 percentage of the certified shares to be distributed in the county equal  
 12 to the ratio of its attributed levy to the total attributed levies of all civil  
 13 taxing units of the county.

14 (c) The local government tax control board established by  
 15 IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing  
 16 units that are entitled to receive certified shares during a calendar year.  
 17 If the ad valorem property tax levy of any special taxing district,  
 18 authority, board, or other entity is attributed to another civil taxing unit  
 19 under subsection (b)(2), then the special taxing district, authority,  
 20 board, or other entity shall not be treated as having an attributed levy  
 21 of its own. The local government tax control board shall certify the  
 22 attributed levy amounts to the appropriate county auditor. The county  
 23 auditor shall then allocate the certified shares among the civil taxing  
 24 units of the auditor's county.

25 (d) Certified shares received by a civil taxing unit shall be treated  
 26 as additional revenue for the purpose of fixing its budget for the  
 27 calendar year during which the certified shares will be received. The  
 28 certified shares may be allocated to or appropriated for any purpose,  
 29 including property tax relief or a transfer of funds to another civil  
 30 taxing unit whose levy was attributed to the civil taxing unit in the  
 31 determination of its attributed levy.

32 SECTION 23. IC 6-3.5-6-18, AS AMENDED BY P.L.255-2003,  
 33 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 34 UPON PASSAGE]: Sec. 18. (a) The revenue a county auditor receives  
 35 under this chapter shall be used to:

- 36 (1) replace the amount, if any, of property tax revenue lost due to
- 37 the allowance of an increased homestead credit within the county;
- 38 (2) fund the operation of a public communications system and
- 39 computer facilities district as provided in an election, if any, made
- 40 by the county fiscal body under IC 36-8-15-19(b);
- 41 (3) fund the operation of a public transportation corporation as
- 42 provided in an election, if any, made by the county fiscal body

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under IC 36-9-4-42;

(4) make payments permitted under IC 36-7-15.1-17.5;

(5) make payments permitted under subsection (i); and

(6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year. The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

(1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the total property taxes that ~~are first due and payable to~~ **be collected by** the civil taxing unit ~~during in the immediately preceding~~ **in the approved abstract for the immediately preceding calendar year**, plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. The denominator of the fraction equals the sum of the total property taxes that ~~are first due and payable to~~ **be collected by** all civil taxing units of the county during the ~~immediately preceding~~ **in the approved abstract for the immediately preceding calendar year**, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(f) The department of local government finance shall provide each

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1 county auditor with the fractional amount of distributive shares that  
 2 each civil taxing unit in the auditor's county is entitled to receive  
 3 monthly under this section.

4 (g) Notwithstanding subsection (e), if a civil taxing unit of an  
 5 adopting county does not impose a property tax levy that is first due  
 6 and payable in a calendar year in which distributive shares are being  
 7 distributed under this section, that civil taxing unit is entitled to receive  
 8 a part of the revenue to be distributed as distributive shares under this  
 9 section within the county. The fractional amount such a civil taxing  
 10 unit is entitled to receive each month during that calendar year equals  
 11 the product of the following:

12 (1) The amount to be distributed as distributive shares during that  
 13 month; multiplied by

14 (2) A fraction. The numerator of the fraction equals the budget of  
 15 that civil taxing unit for that calendar year. The denominator of  
 16 the fraction equals the aggregate budgets of all civil taxing units  
 17 of that county for that calendar year.

18 (h) If for a calendar year a civil taxing unit is allocated a part of a  
 19 county's distributive shares by subsection (g), then the formula used in  
 20 subsection (e) to determine all other civil taxing units' distributive  
 21 shares shall be changed each month for that same year by reducing the  
 22 amount to be distributed as distributive shares under subsection (e) by  
 23 the amount of distributive shares allocated under subsection (g) for that  
 24 same month. The department of local government finance shall make  
 25 any adjustments required by this subsection and provide them to the  
 26 appropriate county auditors.

27 (i) Notwithstanding any other law, a county fiscal body may pledge  
 28 revenues received under this chapter to the payment of bonds or lease  
 29 rentals to finance a qualified economic development tax project under  
 30 IC 36-7-27 in that county or in any other county if the county fiscal  
 31 body determines that the project will promote significant opportunities  
 32 for the gainful employment or retention of employment of the county's  
 33 residents.

34 SECTION 24. IC 6-3.5-7-12, AS AMENDED BY P.L.224-2003,  
 35 SECTION 255, AND AS AMENDED BY P.L.255-2003, SECTION 6,  
 36 IS CORRECTED AND AMENDED TO READ AS FOLLOWS  
 37 [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as provided in  
 38 sections 23, 25, ~~and~~ 26, ~~and~~ 27 of this chapter, the county auditor shall  
 39 distribute in the manner specified in this section the certified  
 40 distribution to the county.

41 (b) Except as provided in subsections (c) and (h) and sections 15  
 42 and 25 of this chapter, the amount of the certified distribution that the

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county and each city or town in a county is entitled to receive during May and November of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of the following:

(A) Total property taxes that ~~are first due and payable to were certified to be collected by~~ the county, city, or town during the ~~immediately preceding~~ calendar year, ~~in which the month falls; as provided in the approved abstract for the immediately preceding calendar year;~~ plus

(B) For a county, an amount equal to

~~(i) the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. plus~~

~~(ii) after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~

The denominator of the fraction equals the sum of the total property taxes that ~~are first due and payable to were certified to be collected by~~ the county and all cities and towns of the county during the ~~immediately preceding~~ calendar year, ~~in which the month falls; as provided in the approved abstract for the immediately preceding calendar year,~~ plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. ~~and after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.

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(2) Except as provided in sections 25 and 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population of the part of the county that is not located in a city or town.

(3) The ordinance may be made irrevocable for the duration of specified lease rental or debt service payments.

(d) The body imposing the tax may not adopt an ordinance under subsection (c) if, before the adoption of the proposed ordinance, any of the following have pledged the county economic development income tax for any purpose permitted by IC 5-1-14 or any other statute:

(1) The county.

(2) A city or town in the county.

(3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.

(e) The department of local government finance shall provide each county auditor with the fractional amount of the certified distribution that the county and each city or town in the county is entitled to receive under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution, subject to the requirements of sections 15, 25, and 26 of this chapter.

SECTION 25. IC 6-3.5-7-22.5, AS AMENDED BY P.L.224-2003, SECTION 258, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 22.5. (a) This section applies to a

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1 county having a population of more than twenty-seven thousand four  
 2 hundred (27,400) but less than twenty-seven thousand five hundred  
 3 (27,500).

4 (b) In addition to the rates permitted by section 5 of this chapter, the  
 5 county council may impose the county economic development income  
 6 tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted  
 7 gross income of county taxpayers if the county council makes the  
 8 finding and determination set forth in subsection (c).

9 (c) In order to impose the county economic development income tax  
 10 as provided in this section, the county council must adopt an ordinance  
 11 finding and determining that revenues from the county economic  
 12 development income tax are needed to pay the costs of:

- 13 (1) financing, **constructing, acquiring, renovating, and**  
 14 **equipping the county courthouse**, and **financing and** renovating  
 15 the former county hospital for additional office space, educational  
 16 facilities, nonsecure juvenile facilities, and other county  
 17 functions, including the repayment of bonds issued, or leases  
 18 entered into for **constructing, acquiring, renovating, and**  
 19 **equipping the county courthouse and for** renovating the former  
 20 county hospital for additional office space, educational facilities,  
 21 nonsecure juvenile facilities, and other county functions;  
 22 (2) financing constructing, acquiring, renovating, and equipping  
 23 buildings for a volunteer fire department (as defined in  
 24 IC 36-8-12-2) that provides services in any part of the county; and  
 25 (3) financing constructing, acquiring, and renovating firefighting  
 26 apparatus or other related equipment for a volunteer fire  
 27 department (as defined in IC 36-8-12-2) that provides services in  
 28 any part of the county.

29 ~~The revenues from the county economic development income tax~~  
 30 ~~imposed under this section may not be used to pay the costs of~~  
 31 ~~financing constructing, acquiring, renovating, and equipping the county~~  
 32 ~~courthouse.~~

33 (d) If the county council makes a determination under subsection  
 34 (c), the county council may adopt a tax rate under subsection (b). The  
 35 tax rate may not be imposed at a rate or for a time greater than is  
 36 necessary to pay for the purposes described in this section.

37 (e) The county treasurer shall establish a county option tax revenue  
 38 fund to be used only for the purposes described in this section. County  
 39 economic development income tax revenues derived from the tax rate  
 40 imposed under this section shall be deposited in the county option tax  
 41 revenue fund before making a certified distribution under section 11 of  
 42 this chapter.

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(f) County economic development income tax revenues derived from the tax rate imposed under this section:

- (1) may only be used for the purposes described in this section;
- (2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and
- (3) may be pledged to the repayment of bonds issued, or leases entered into, for the purposes described in subsection (c).

(g) A county described in subsection (a) possesses:

- (1) unique fiscal challenges to finance the operations of county government due to the county's ongoing obligation to repay amounts received by the county due to an overpayment of the county's certified distribution under IC 6-3.5-1.1-9 for a prior year; and
- (2) unique capital financing needs related to the purposes described in subsection (c).

SECTION 26. IC 6-5.5-1-2, AS AMENDED BY P.L.105-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 2. (a) Except as provided in subsections (b) through (d), "adjusted gross income" means taxable income as defined in Section 63 of the Internal Revenue Code, adjusted as follows:

(1) Add the following amounts:

- (A) An amount equal to a deduction allowed or allowable under Section 166, Section 585, or Section 593 of the Internal Revenue Code.
- (B) An amount equal to a deduction allowed or allowable under Section 170 of the Internal Revenue Code.
- (C) An amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States.
- (D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.
- (E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.
- (F) For a taxpayer that is not a large bank (as defined in

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Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

(G) Add the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(H) Add the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).**

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

(B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.

(C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.

(D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) or Section 593 of the Internal Revenue Code.

~~(E) Subtract~~ (E) **Subtract** The amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not

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been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation.

**(F) The amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).**

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

(c) In the case of an investment company, "adjusted gross income" means the company's federal taxable income multiplied by the quotient of:

(1) the aggregate of the gross payments collected by the company during the taxable year from old and new business upon investment contracts issued by the company and held by residents of Indiana; divided by

(2) the total amount of gross payments collected during the taxable year by the company from the business upon investment contracts issued by the company and held by persons residing within Indiana and elsewhere.

(d) As used in subsection (c), "investment company" means a person, copartnership, association, limited liability company, or corporation, whether domestic or foreign, that:

(1) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and

(2) solicits or receives a payment to be made to itself and issues in exchange for the payment:

(A) a so-called bond;

(B) a share;

(C) a coupon;

(D) a certificate of membership;

(E) an agreement;

(F) a pretended agreement; or

(G) other evidences of obligation;

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entitling the holder to anything of value at some future date, if the gross payments received by the company during the taxable year on outstanding investment contracts, plus interest and dividends earned on those contracts (by prorating the interest and dividends earned on investment contracts by the same proportion that certificate reserves (as defined by the Investment Company Act of 1940) is to the company's total assets) is at least fifty percent (50%) of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year. The term "investment contract" means an instrument listed in clauses (A) through (G).

SECTION 27. IC 6-5.5-1-20, AS ADDED BY P.L.105-2003, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 20. As used in this article, "bonus depreciation" means an amount equal to that part of any depreciation allowance allowed in computing the taxpayer's federal taxable income that is attributable to the additional first-year special depreciation allowance (bonus depreciation) for qualified property allowed under Section 168(k) of the Internal Revenue Code, **including the special depreciation allowance for 50-percent bonus depreciation property.**

SECTION 28. IC 20-14-14 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 14. Review of Budgets of Appointed Boards**

**Sec. 1. Before an appointed library board described in IC 6-1.1-17-20(a) may impose a property tax levy for the public library for the ensuing calendar year that is more than five percent (5%) greater than the property tax levy for the public library for the current calendar year, the library board shall submit its proposed budget and property tax levy to the appropriate fiscal body under section 2 of this chapter.**

**Sec. 2. An appointed library board subject to section 1 of this chapter shall submit its proposed budget and property tax levy to the following fiscal body at least fourteen (14) days before the county board of tax adjustment is required to hold budget approval hearings under IC 6-1.1:**

**(1) If the library district is located entirely within the corporate boundaries of a municipality, the fiscal body of the municipality.**

**(2) If the library district:**

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- (A) is not described by subdivision (1); and  
 (B) is located entirely within the boundaries of a township;  
 the fiscal body of the township.  
 (3) If the library district is not described by subdivision (1) or  
 (2), the fiscal body of each county in which the library district  
 is located.

SECTION 29. IC 36-2-9-20, AS AMENDED BY P.L.245-2003,  
 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 UPON PASSAGE]: Sec. 20. The county auditor shall:

- (1) maintain an electronic data file of the information contained  
 on the tax duplicate for all:  
 (A) parcels; and  
 (B) personal property returns;  
 for each township in the county as of each assessment date;  
 (2) maintain the file in the form required by:  
 (A) the legislative services agency; and  
 (B) the department of local government finance; and  
 (3) transmit to the legislative services agency and the  
 department of local government finance the data in the file with  
 respect to the assessment date of each year in the form required  
 by the legislative services agency and the department of local  
 government finance before the later of:  
 (A) March 1 of the next year; ~~to~~  
~~(A) the legislative services agency; and or~~  
 (B) ~~the department of local government finance; thirty (30)~~  
**days after the county mails its initial statement under**  
**IC 6-1.1-22-8.**

SECTION 30. IC 36-6-4-2, AS AMENDED BY P.L.1-2004,  
 SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 JULY 1, 2004]: Sec. 2. (a) A township trustee shall be elected under  
 IC 3-10-2-13 by the voters of each township. The trustee is the  
 township executive.

(b) The township trustee must reside within the township as  
 provided in Article 6, Section 6 of the Constitution of the State of  
 Indiana. The trustee forfeits office if the trustee

- ~~(1) ceases to be a resident of the township. or~~  
~~(2) serves as township assessor under IC 36-6-5-2 and fails to~~  
~~comply with IC 6-1.1-35-1.1.~~

(c) The term of office of a township trustee is four (4) years,  
 beginning January 1 after election and continuing until a successor is  
 elected and qualified.

SECTION 31. [EFFECTIVE JULY 1, 2003 (RETROACTIVE)] (a)



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For purposes of this SECTION:

(1) "department" refers to the department of local government finance;

(2) "district" refers to a solid waste management district that has territory in more than one (1) county; and

(3) "2004 levy" refers to the least of:

(A) the district's maximum permissible levy under IC 6-1.1-18.5-3;

(B) the district's advertised levy; and

(C) the district's adopted levy;

for 2003 taxes payable in 2004.

(b) Notwithstanding:

(1) IC 13-21-7; or

(2) any action taken by a county or a district to fix a property tax levy for 2003 taxes payable in 2004;

the department may, for each county that participates in a district, determine under this SECTION the part of the district's property tax levy under IC 13-21-3-12(13) for 2003 taxes payable in 2004 to be levied in the county.

(c) The amount of the part referred to in subsection (b) for a county that participates in a district is the amount that bears the same proportion to the 2004 levy that the certified assessed value of the county as of the 2002 assessment date bears to the total certified assessed value as of the 2002 assessment date of all counties that participate in the district.

(d) The department shall use the amount determined under subsection (c) in setting the tax rate of the county.

(e) This SECTION expires July 1, 2005.

SECTION 32. [EFFECTIVE UPON PASSAGE] (a) For purposes of this SECTION, "department" refers to the department of local government finance.

(b) Except as provided in subsection (g), the auditor of state shall not distribute to a county treasurer the part designated under subsection (c) of the money otherwise distributable in July, 2004, under IC 6-1.1-21-4, as amended by this act, and IC 6-1.1-21-10 if before July 1, 2004:

(1) the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor do not transmit to the department the data for all townships in the county required to be transmitted before October 1, 2003, under IC 6-1.1-4-25(b);

(2) the county assessor does not forward to the department

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the duplicate copies of all approved exemption applications required to be forwarded before August 2, 2003, under IC 6-1.1-11-8(a);

(3) the county auditor does not send to the department a certified statement required to be sent before August 2, 2003, under IC 6-1.1-17-1 (as in effect before the amendments under this act); or

(4) the county auditor does not transmit to the department data required to be transmitted before March 1, 2003, under IC 36-2-9-20 (as in effect before the amendments under this act).

(c) The amount of money the auditor of state shall not distribute under subsection (b) equals the product of:

(1) two percent (2%); multiplied by

(2) the combined amounts of the distributions for March, April, and July 2004 referred to in IC 6-1.1-21-10(b).

(d) Except as provided in subsection (g), the auditor of state shall not distribute to a county treasurer two percent (2%) of the money otherwise distributable after July 2004 under IC 6-1.1-21-4, as amended by this act, and IC 6-1.1-21-10 if before the date of distribution the local officials referred to in subsection (b) have not provided all of the data and information referred to in subsection (b). The withholding under this subsection applies separately to each distribution referred to in IC 6-1.1-21-10(b).

(e) Amounts withheld from distribution to the county treasurer under this SECTION are in addition to any amounts withheld from distribution under IC 6-1.1-21-4(e) or IC 6-1.1-21-4(f), both as amended by this act, before deadlines in 2004 established in those sections for failure to provide data or information.

(f) The auditor of state shall consider the provision of information referred to in subsection (b) to be untimely if the department notifies the auditor of state in writing that information provided is inaccurate, incomplete, or, with respect to information referred to in subsection (b)(2), not in the form required by the department.

(g) The restrictions on distributions under subsection (b) do not apply if the department determines that the failure to provide information as referred to in subsection (b) is justified by unusual circumstances.

(h) When local officials provide the data and information referred to in subsection (b), money withheld under subsection (b) shall be distributed under IC 6-1.1-21-4(g) and IC 6-1.1-21-4(h),

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both as amended by this act.

(i) This SECTION expires January 1, 2006.

SECTION 33. [EFFECTIVE UPON PASSAGE] The department of local government finance may adopt temporary rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to implement IC 6-1.1-12.1-14, as added by this act. A temporary rule adopted under this SECTION expires on the earliest of the following:

(1) The date of adoption under this SECTION of another temporary rule that supersedes the temporary rule previously adopted under this SECTION.

(2) The date of adoption under IC 4-22-2 of a permanent rule that supersedes the temporary rule adopted under this SECTION.

(3) January 1, 2006.

SECTION 34. THE FOLLOWING ARE REPEALED [EFFECTIVE UPON PASSAGE]: IC 6-1.1-4-13.6; IC 6-1.1-4-13.8.

SECTION 35. [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)] IC 6-3-1-3.5, IC 6-3-1-11, and IC 6-5.5-1-2, all as amended by this act, apply only to taxable years beginning after December 31, 2003.

SECTION 36. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 6-1.1-1 apply throughout this SECTION.

(b) This SECTION applies to a person who:

(1) is entitled to a credit under IC 6-6-5-5(b) against the annual license excise tax payable in 2004 based on remaining property tax deduction for the assessment date in 2003 under IC 6-1.1-12-13, IC 6-1.1-12-14, IC 6-1.1-12-16, or IC 6-1.1-12-17.4 after allowance of the deduction on real estate and personal property owned by the person; and

(2) did not receive the credit referred to in subdivision (1) because the assessed value of the person's real property for the assessment date in 2003 was not determined by a sufficiently early date to allow the application of the credit referred to in subdivision (1) against the annual license excise tax under IC 6-6-5 payable in 2004.

(c) A person is entitled to the credit referred to in subsection (b)(1) against the person's annual license excise tax under IC 6-6-5 payable in 2005. The credit provided by this SECTION is in addition to the credit that the person is otherwise entitled to under IC 6-6-5-5(b).

SECTION 37. [EFFECTIVE UPON PASSAGE] (a) The definitions

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in IC 6-1.1-1 apply throughout this SECTION.

(b) As used in this SECTION, "taxpayer" means a nonprofit corporation that is an owner of land and improvements:

(1) that were owned, occupied, and used by the taxpayer to provide youths with the opportunity to play supervised and organized baseball or softball, or both, against other youths during the period preceding the assessment date in 2002 and continuing through the date that this SECTION is effective;

(2) for which a property tax liability exceeding twenty thousand dollars (\$20,000) was imposed for property taxes first due and payable in 2003;

(3) that would have qualified for an exemption under IC 6-1.1-10 from property taxes first due and payable in 2003 if the owner had complied with the filing requirements for the exemption in a timely manner; and

(4) that have been granted an exemption under IC 6-1.1-10 from property taxes first due and payable in 2004.

(c) The land and improvements described in subsection (b) are exempt under IC 6-1.1-10-16 from property taxes first due and payable in 2003, notwithstanding that the taxpayer failed to make a timely application for the exemption on or before May 15, 2002.

(d) The taxpayer may file a claim with the county auditor for a refund for the amount paid toward property taxes on the land and improvements described in subsection (b) that were billed to the taxpayer for property taxes first due and payable in 2003. The claim must be filed as set forth in IC 6-1.1-26-1. The claim must present sufficient facts for the county auditor to determine whether the claimant is a person that meets the qualifications described in subsection (b) and the amount that should be refunded to the taxpayer.

(e) Upon receiving a claim filed under this SECTION, the county auditor shall determine whether the claim is correct. If the county auditor determines that the claim is correct, the county auditor shall submit the claim under IC 6-1.1-26-3 to the county board of commissioners for review. The only grounds for disallowing the claim under IC 6-1.1-26-4 are that the claimant is not a person that meets the qualifications described in subsection (b) or that the amount claimed is not the amount due to the taxpayer. If the claim is allowed, the county auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount due the claimant under this SECTION. The amount of the refund must

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1 equal the amount of the claim allowed. Notwithstanding  
 2 IC 6-1.1-26-5, no interest is payable on the refund.

3 (f) This SECTION expires December 31, 2006.

4 SECTION 38. [EFFECTIVE JULY 1, 2004] An elected county  
 5 assessor, township assessor, or township trustee-assessor is  
 6 required to comply with the certification requirements of  
 7 IC 6-1.1-35-1.1, as amended by this act, only if the assessor or  
 8 trustee-assessor is elected to a new term of office that begins after  
 9 June 30, 2004.

10 SECTION 39. [EFFECTIVE UPON PASSAGE] (a) If on the  
 11 effective date of this SECTION the department of local  
 12 government finance has certified under IC 6-1.1-17-16 the  
 13 property tax levy and the property tax rate of a school corporation  
 14 referred to in IC 6-1.1-19-4.8, as added by this act, for property  
 15 taxes first due and payable in 2004, the department shall recertify  
 16 for those taxes:

17 (1) the property tax levy of the school corporation in the  
 18 amount required under IC 6-1.1-19-4.8, as added by this act;  
 19 and

20 (2) the property tax rate of the school corporation to reflect  
 21 the levy under subdivision (1).

22 (b) This SECTION expires January 1, 2005.

23 SECTION 40. An emergency is declared for this act.

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1055, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, after line 23, begin a new paragraph and insert:

"SECTION 3. IC 6-3-1-3.5, AS AMENDED BY P.L.1-2004, SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996; and

(B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under

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subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's

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adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) for a taxable year:

(i) including any part of 2004, the amount determined under subsection (f); and

(ii) beginning after December 31, 2004, two thousand five hundred dollars (\$2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(20) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).**

(b) In the case of corporations, the same as "taxable income" (as

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defined in Section 63 of the Internal Revenue Code) adjusted as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.
- (3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.
- (4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.
- (5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.
- (6) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).**

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

- (1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.
- (2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.
- (3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code

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for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(6) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).**

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income

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that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(6) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).**

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(4) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).**

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(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP THREE amount and two thousand five hundred dollars (\$2,500).

SECTION 4. IC 6-3-1-11, AS AMENDED BY P.L.105-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 11. (a) The term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, ~~2003~~ **2004**.

(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, ~~2003~~ **2004**, that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on January 1, ~~2003~~ **2004**, shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, ~~2003~~ **2004**, that is effective for any taxable year that began before January 1, ~~2003~~ **2004**, and that affects:

- (1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);
- (2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);

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- (3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);
- (4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);
- (5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or
- (6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining adjusted gross income under section 3.5 of this chapter.

SECTION 5. IC 6-3-1-33, AS ADDED BY P.L.105-2003, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 33. As used in this article, "bonus depreciation" means an amount equal to that part of any depreciation allowance allowed in computing the taxpayer's federal adjusted gross income or federal taxable income that is attributable to the additional first-year special depreciation allowance (bonus depreciation) for qualified property allowed under Section 168(k) of the Internal Revenue Code, **including the special depreciation allowance for 50-percent bonus depreciation property.**

SECTION 6. IC 6-5.5-1-2, AS AMENDED BY P.L.105-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 2. (a) Except as provided in subsections (b) through (d), "adjusted gross income" means taxable income as defined in Section 63 of the Internal Revenue Code, adjusted as follows:

- (1) Add the following amounts:
  - (A) An amount equal to a deduction allowed or allowable under Section 166, Section 585, or Section 593 of the Internal Revenue Code.
  - (B) An amount equal to a deduction allowed or allowable under Section 170 of the Internal Revenue Code.
  - (C) An amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States.
  - (D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.

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(E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.

(F) For a taxpayer that is not a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

(G) Add the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

**(H) Add the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).**

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

(B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.

(C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.

(D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) or Section 593 of the Internal Revenue Code.

(E) ~~Subtract~~ The amount necessary to make the adjusted gross

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income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section ~~168(k)(2)(C)(iii)~~ **168(k)** of the Internal Revenue Code to apply bonus depreciation.

**(F) The amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in an aggregate amount exceeding twenty-five thousand dollars (\$25,000).**

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

(c) In the case of an investment company, "adjusted gross income" means the company's federal taxable income multiplied by the quotient of:

- (1) the aggregate of the gross payments collected by the company during the taxable year from old and new business upon investment contracts issued by the company and held by residents of Indiana; divided by
- (2) the total amount of gross payments collected during the taxable year by the company from the business upon investment contracts issued by the company and held by persons residing within Indiana and elsewhere.

(d) As used in subsection (c), "investment company" means a person, copartnership, association, limited liability company, or corporation, whether domestic or foreign, that:

- (1) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and
- (2) solicits or receives a payment to be made to itself and issues in exchange for the payment:
  - (A) a so-called bond;
  - (B) a share;
  - (C) a coupon;

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- (D) a certificate of membership;
- (E) an agreement;
- (F) a pretended agreement; or
- (G) other evidences of obligation;

entitling the holder to anything of value at some future date, if the gross payments received by the company during the taxable year on outstanding investment contracts, plus interest and dividends earned on those contracts (by prorating the interest and dividends earned on investment contracts by the same proportion that certificate reserves (as defined by the Investment Company Act of 1940) is to the company's total assets) is at least fifty percent (50%) of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year. The term "investment contract" means an instrument listed in clauses (A) through (G).

SECTION 7. IC 6-5.5-1-20, AS ADDED BY P.L.105-2003, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 20. As used in this article, "bonus depreciation" means an amount equal to that part of any depreciation allowance allowed in computing the taxpayer's federal taxable income that is attributable to the additional first-year special depreciation allowance (bonus depreciation) for qualified property allowed under Section 168(k) of the Internal Revenue Code, **including the special depreciation allowance for 50-percent bonus depreciation property.**

SECTION 8. [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)] IC 6-3-1-3.5, IC 6-3-1-11, and IC 6-5.5-1-2, all as amended by this act, **apply only to taxable years beginning after December 31, 2003.**

SECTION 9. [EFFECTIVE UPON PASSAGE] (a) **A religious institution may file an application under IC 6-1.1-11 before May 11, 2004, for exemption of one (1) or more parcels of real property for property taxes first due and payable in 2002 if:**

- (1) **the religious institution did not file an application under IC 6-1.1-11 for exemption of the real property with respect to property taxes first due and payable in 2002;**
- (2) **the religious institution acquired the real property in 1999; and**
- (3) **the real property was exempt from property taxes for property taxes first due and payable in 2001.**

(b) **If a religious institution files an exemption application under subsection (a):**

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(1) the exemption application is subject to review and action by:

(A) the county property tax assessment board of appeals; and

(B) the department of local government finance; and

(2) the exemption determination made under subdivision (1) is subject to appeal;

in the same manner that would have applied if an application for exemption had been timely filed in 2001.

(c) If an exemption application filed under subsection (a) is approved, the religious institution may file a claim under IC 6-1.1-26-1 with the county auditor for a refund for the payment of property taxes first due and payable in 2002 with respect to the exempt property.

(d) Upon receiving a claim for a refund filed under subsection (c), the county auditor shall determine whether the claim is correct. If the county auditor determines that the claim is correct, the auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount of the refund due the claimant. No interest is payable on the refund.

(e) This SECTION expires January 1, 2005.

SECTION 10. [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)] (a) This SECTION applies notwithstanding the following:

IC 6-1.1-3-7.5  
 IC 6-1.1-10-10  
 IC 6-1.1-10-13  
 IC 6-1.1-10-31.1  
 IC 6-1.1-11  
 IC 6-1.1-12.1-5.4  
 50 IAC 4.2-11  
 50 IAC 4.2-12-1  
 50 IAC 10-3  
 50 IAC 16.

(b) As used in this SECTION, "taxpayer" means a taxpayer in a county containing a consolidated city that filed:

(1) an original personal property tax return under IC 6-1.1-3 for the March 1, 2001, assessment date using a consolidated return, Form 103-C; and  
 (2) before March 1, 2003, a Form 133 petition for correction of an error with respect to the assessed value of the taxpayer's

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personal property on the March 1, 2001, assessment date.

(c) Before January 1, 2005, a taxpayer may file an amended personal property tax return for the March 1, 2001, assessment date.

(d) A taxpayer that files an amended personal property tax return under subsection (c) is entitled to the following exemptions for the March 1, 2001, assessment date:

- (1) An exemption for an industrial waste control facility under IC 6-1.1-10-9.
- (2) An exemption for an industrial air purification system under IC 6-1.1-10-12.
- (3) An exemption for tangible personal property under IC 6-1.1-10-29, as in effect on March 1, 2001.
- (4) An exemption for tangible personal property under IC 6-1.1-10-29.3.
- (5) An exemption for tangible personal property under IC 6-1.1-10-30.

(e) The amount of an exemption described in subsection (d)(1) or (d)(2) is based on the total cost of the industrial waste control facility or industrial air purification system reported by the taxpayer on a Form 103-P that must be filed with the amended personal property tax return filed under subsection (c).

(f) The total amount of the exemptions described in subsection (d)(3) through (d)(5) is:

- (1) the total cost of the taxpayer's finished goods reported on Schedule B, line 3 of the taxpayer's amended personal property tax return filed under subsection (c); multiplied by
- (2) the ratio reported by the taxpayer on the Form 103-W filed with the taxpayer's amended personal property tax return.

(g) Before January 1, 2005, a taxpayer may file with the county auditor an application for a deduction from assessed valuation for new manufacturing equipment in an economic revitalization area for the March 1, 2001, assessment date. The taxpayer shall include all necessary attachments to the deduction application.

(h) If a taxpayer files an amended personal property tax return under subsection (c) and a deduction application described in subsection (g), the taxpayer is entitled to a credit in the amount of the taxes paid by the taxpayer on the remainder of:

- (1) the assessed value reported on the taxpayer's original personal property tax return for the March 1, 2001, assessment date; minus

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- (2) the assessed value reported on the taxpayer's amended personal property tax return for the March 1, 2001, assessment date filed under subsection (c); minus
- (3) the amount of the deduction from assessed valuation claimed by the taxpayer on an application filed under subsection (g).

(i) The county auditor shall reduce the amount of the credit to which a taxpayer is entitled under subsection (h) by the amount of any property tax refunds paid:

- (1) to the taxpayer for personal property taxes based on the March 1, 2001, assessment date; and
- (2) before the date the taxpayer files an amended personal property tax return under subsection (c).

(j) Notwithstanding IC 6-1.1-26, the county auditor shall apply a credit allowed under this SECTION against the taxpayer's property tax liability for property taxes first due and payable in 2004 and in each year thereafter until the credit is exhausted. However, the county auditor may refund the remaining credit amount at any time before the credit is exhausted.

(k) A taxpayer is not required to file a separate application for the credit allowed under subsection (h).

(l) This SECTION expires January 1, 2007.

SECTION 11. An emergency is declared for this act."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1055 as introduced.)

CRAWFORD, Chair

Committee Vote: yeas 28, nays 0.

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## HOUSE MOTION

Mr. Speaker: I move that House Bill 1055 be amended to read as follows:

Page 15, between lines 38 and 39, begin a new paragraph and insert:

**"SECTION 11. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 6-1.1-1 apply throughout this SECTION.**

**(b) As used in this SECTION, "taxpayer" means a nonprofit corporation that is an owner of land and improvements:**

- (1) that were owned, occupied, and used by the taxpayer to provide youths with the opportunity to play supervised and organized baseball or softball, or both, against other youths during the period preceding the assessment date in 2002 and continuing through the date that this SECTION is effective;**
- (2) for which a property tax liability exceeding twenty thousand dollars (\$20,000) was imposed for property taxes first due and payable in 2003;**
- (3) that would have qualified for an exemption under IC 6-1.1-10 from property taxes first due and payable in 2003 if the owner had complied with the filing requirements for the exemption in a timely manner; and**
- (4) that have been granted an exemption under IC 6-1.1-10 from property taxes first due and payable in 2004.**

**(c) The land and improvements described in subsection (b) are exempt under IC 6-1.1-10-16 from property taxes first due and payable in 2003, notwithstanding that the taxpayer failed to make a timely application for the exemption on or before May 15, 2002.**

**(d) The taxpayer may file a claim with the county auditor for a refund for the amount paid toward property taxes on the land and improvements described in subsection (b) that were billed to the taxpayer for property taxes first due and payable in 2003. The claim must be filed as set forth in IC 6-1.1-26-1. The claim must present sufficient facts for the county auditor to determine whether the claimant is a person that meets the qualifications described in subsection (b) and the amount that should be refunded to the taxpayer.**

**(e) Upon receiving a claim filed under this SECTION, the county auditor shall determine whether the claim is correct. If the county auditor determines that the claim is correct, the county auditor shall submit the claim under IC 6-1.1-26-3 to the county board of commissioners for review. The only grounds for disallowing the claim under IC 6-1.1-26-4 are that the claimant is not a person that meets the qualifications described in subsection**

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(b) or that the amount claimed is not the amount due to the taxpayer. If the claim is allowed, the county auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount due the claimant under this SECTION. The amount of the refund must equal the amount of the claim allowed. Notwithstanding IC 6-1.1-26-5, no interest is payable on the refund.

(f) This SECTION expires December 31, 2006."

Renumber all SECTIONS consecutively.

(Reference is to HB 1055 as printed January 16, 2004.)

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SENATE MOTION

Madam President: I move that Senator Simpson be added as second sponsor of Engrossed House Bill 1055.

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## COMMITTEE REPORT

Madam President: The Senate Committee on Finance, to which was referred House Bill No. 1055, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 17, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-4-5, AS AMENDED BY P.L.90-2002, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) A petition for the reassessment of real property situated within a township may be filed with the department of local government finance on or before March 31st of any year ~~which is not a general election year and~~ in which no general reassessment of real property is made.

(b) The petition ~~for reassessment referred to in subsection (a)~~ must be signed by ~~not less than the following percentage of all the owners of taxable real property who reside in the township:~~

(1) ~~fifteen percent (15%) for a township which does not contain an incorporated city or town;~~

(2) ~~five percent (5%) for a township containing all or part of an incorporated city or town which has a population of five thousand (5,000) or less;~~

(3) ~~four percent (4%) for a township containing all or part of an incorporated city which has a population of more than five thousand (5,000) but not exceeding ten thousand (10,000);~~

(4) ~~three percent (3%) for a township containing all or part of an incorporated city which has a population of more than ten thousand (10,000) but not exceeding fifty thousand (50,000);~~

(5) ~~two percent (2%) for a township containing all or part of an incorporated city which has a population of more than fifty thousand (50,000) but not exceeding one hundred fifty thousand (150,000); or~~

(6) ~~one percent (1%) for a township containing all or part of an incorporated city which has a population of more than one hundred fifty thousand (150,000);~~

~~at least the lesser of:~~

(1) ~~ten (10) owners of real property in a township; or~~

(2) ~~the number of owners of real property in the township that represents owners of one percent (1%) of the assessed value of real property in the township.~~

(c) The signatures on the petition ~~referred to in subsection (a)~~ must be verified by the oath of one (1) or more of the signers. ~~And, A certificate of the county auditor stating that the signers constitute the~~

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required number of resident owners of taxable real property of the township must accompany the petition.

SECTION 2. IC 6-1.1-4-27.5, AS AMENDED BY P.L.245-2003, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 27.5. (a) The auditor of each county shall establish a property reassessment fund. The county treasurer shall deposit all collections resulting from the property taxes that the county is required to levy under this section in the county's property reassessment fund.

(b) With respect to a general reassessment of real property that is to commence on July 1, 2007, and each fourth year thereafter, the county council of each county shall, for property taxes due in the year that the general reassessment is to commence and the three (3) years preceding that year, levy against all the taxable property in the county an amount equal to one-fourth (1/4) of the estimated cost of the general reassessment.

(c) The department of local government finance shall give to each county council notice, before January 1 in a year, of the tax levies required by this section for that year. **The county council may not reduce the tax levies required by this section as established by the department of local government finance.**

(d) The department of local government finance may raise or lower the property tax levy under this section for a year if the department determines it is appropriate because the estimated cost of a general reassessment, including a general reassessment to be completed for the March 1, 2002, assessment date, has changed.

(e) If the county council determines that there is insufficient money in the county's reassessment fund to pay all expenses (as permitted under sections 28.5 and 32 of this chapter) relating to the general reassessment of real property commencing July 1, 2000, the county may, for the purpose of paying expenses (as permitted under sections 28.5 and 32 of this chapter) relating to the general reassessment commencing July 1, 2000, use money deposited in the fund from the tax levy under this section for 2000 or a later year.

SECTION 3. IC 6-1.1-4-32, AS AMENDED BY P.L.235-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 32. (a) As used in this section, "contract" refers to a contract entered into under this section.

(b) As used in this section, "contractor" refers to a firm that enters into a contract with the department of local government finance under this section.

(c) As used in this section, "qualifying county" means a county

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having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(d) Notwithstanding sections 15 and 17 of this chapter, a township assessor in a qualifying county may not appraise property, or have property appraised, for the general reassessment of real property to be completed for the March 1, 2002, assessment date. Completion of that general reassessment in a qualifying county is instead governed by this section. The only duty of:

- (1) a township assessor in a qualifying county; or
- (2) a county assessor of a qualifying county;

with respect to that general reassessment is to provide to the department of local government finance or the department's contractor under subsection (e) any support and information requested by the department or the contractor. This subsection expires June 30, 2004.

(e) Subject to section 33 of this chapter, the department of local government finance shall select and contract with a certified public accounting firm with expertise in the appraisal of real property to appraise property for the general reassessment of real property in a qualifying county to be completed for the March 1, 2002, assessment date. The department of local government finance may enter into additional contracts to provide software or other auxiliary services to be used for the appraisal of property for the general reassessment. The contract applies for the appraisal of land and improvements with respect to all classes of real property in the qualifying county. The contract must include:

- (1) a provision requiring the appraisal firm to:
  - (A) prepare a detailed report of:
    - (i) expenditures made after July 1, 1999, and before the date of the report from the qualifying county's reassessment fund under section 28 of this chapter (repealed); and
    - (ii) the balance in the reassessment fund as of the date of the report; and
  - (B) file the report with:
    - (i) the legislative body of the qualifying county;
    - (ii) the prosecuting attorney of the qualifying county;
    - (iii) the department of local government finance; and
    - (iv) the attorney general;
- (2) a fixed date by which the appraisal firm must complete all responsibilities under the contract;
- (3) subject to subsection (t), a provision requiring the appraisal firm to use the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)**;

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- (4) a penalty clause under which the amount to be paid for appraisal services is decreased for failure to complete specified services within the specified time;
- (5) a provision requiring the appraisal firm to make periodic reports to the department of local government finance;
- (6) a provision stipulating the manner in which, and the time intervals at which, the periodic reports referred to in subdivision (5) are to be made;
- (7) a precise stipulation of what service or services are to be provided;
- (8) a provision requiring the appraisal firm to deliver a report of the assessed value of each parcel in a township in the qualifying county to the department of local government finance; and
- (9) any other provisions required by the department of local government finance.

After December 31, 2001, the department of local government finance has all the powers and duties of the state board of tax commissioners provided under a contract entered into under this subsection (as effective before January 1, 2002) before January 1, 2002. The contract is valid to the same extent as if it were entered into by the department of local government finance. However, a reference in the contract to the state board of tax commissioners shall be treated as a reference to the department of local government finance. The contract shall be treated for all purposes, including the application of IC 33-3-5-2.5, as the contract of the department of local government finance. If the department of local government finance terminates a contract before completion of the work described in this subsection, the department shall contract for completion of the work as promptly as possible under IC 5-22-6. This subsection expires June 30, 2004.

(f) At least one (1) time each month, the contractors that will make physical visits to the site of real property for reassessment purposes shall publish a notice under IC 5-3-1 describing the areas that are scheduled to be visited within the next thirty (30) days and explaining the purposes of the visit. The notice shall be published in a way to promote understanding of the purposes of the visit in the affected areas. After receiving the report of assessed values from the appraisal firm acting under a contract described in subsection (e), the department of local government finance shall give notice to the taxpayer and the county assessor, by mail, of the amount of the reassessment. The notice of reassessment:

- (1) is subject to appeal by the taxpayer under section 34 of this chapter; and

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(2) must include a statement of the taxpayer's rights under sections 33 and 34 of this chapter.

(g) The department of local government finance shall mail the notice required by subsection (f) within ninety (90) days after the department receives the report for a parcel from the professional appraisal firm. This subsection expires June 30, 2004.

(h) The qualifying county shall pay the cost of any contract under this section which shall be without appropriation from the county property reassessment fund. A contractor may periodically submit bills for partial payment of work performed under a contract. However, the maximum amount that the qualifying county is obligated to pay for all contracts entered into under subsection (e) for the general reassessment of real property in the qualifying county to be completed for the March 1, 2002, assessment date is twenty-five million five hundred thousand dollars (\$25,500,000). Notwithstanding any other law, a contractor is entitled to payment under this subsection for work performed under a contract if the contractor:

- (1) submits, in the form required by IC 5-11-10-1, a fully itemized, certified bill for the costs under the contract of the work performed to the department of local government finance for review;
- (2) obtains from the department of local government finance:
  - (A) approval of the form and amount of the bill; and
  - (B) a certification that the billed goods and services billed for payment have been received and comply with the contract; and
- (3) files with the county auditor of the qualifying county:
  - (A) a duplicate copy of the bill submitted to the department of local government finance;
  - (B) the proof of approval provided by the department of local government finance of the form and amount of the bill that was approved; and
  - (C) the certification provided by the department of local government finance that indicates that the goods and services billed for payment have been received and comply with the contract.

An approval and a certification under subdivision (2) shall be treated as conclusively resolving the merits of the claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive of the qualifying county. The county executive shall allow the claim, in full, as approved by the department

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of local government finance without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department of local government finance. Compliance with this subsection shall be treated as compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection. This subsection expires June 30, 2004.

(i) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2 on a contract of the department of local government finance under this section:

- (1) The commissioner of the Indiana department of administration.
- (2) The director of the budget agency.
- (3) The attorney general.
- (4) The governor.

(j) With respect to a general reassessment of real property to be completed under section 4 of this chapter for an assessment date after the March 1, 2002, assessment date, the department of local government finance shall initiate a review with respect to the real property in a qualifying county or a township in a qualifying county, or a portion of the real property in a qualifying county or a township in a qualifying county. The department of local government finance may contract to have the review performed by an appraisal firm. The department of local government finance or its contractor shall determine for the real property under consideration and for the qualifying county or township the variance between:

- (1) the total assessed valuation of the real property within the qualifying county or township; and
- (2) the total assessed valuation that would result if the real property within the qualifying county or township were valued in the manner provided by law.

(k) If:

- (1) the variance determined under subsection (j) exceeds ten percent (10%); and

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- (2) the department of local government finance determines after holding hearings on the matter that a special reassessment should be conducted;

the department shall contract for a special reassessment by an appraisal firm to correct the valuation of the property.

- (l) If the variance determined under subsection (j) is ten percent (10%) or less, the department of local government finance shall determine whether to correct the valuation of the property under:

- (1) sections 9 and 10 of this chapter; or
- (2) IC 6-1.1-14-10 and IC 6-1.1-14-11.

- (m) The department of local government finance shall give notice by mail to a taxpayer of a hearing concerning the department's intent to cause the taxpayer's property to be reassessed under this section. The time fixed for the hearing must be at least ten (10) days after the day the notice is mailed. The department of local government finance may conduct a single hearing under this section with respect to multiple properties. The notice must state:

- (1) the time of the hearing;
- (2) the location of the hearing; and
- (3) that the purpose of the hearing is to hear taxpayers' comments and objections with respect to the department of local government finance's intent to reassess property under this chapter.

- (n) If the department of local government finance determines after the hearing that property should be reassessed under this section, the department shall:

- (1) cause the property to be reassessed under this section;
- (2) mail a certified notice of its final determination to the county auditor of the qualifying county in which the property is located; and
- (3) notify the taxpayer by mail of its final determination.

- (o) A reassessment may be made under this section only if the notice of the final determination under subsection (m) is given to the taxpayer within the same period prescribed in IC 6-1.1-9-3 or IC 6-1.1-9-4.

- (p) If the department of local government finance contracts for a special reassessment of property under this section, the qualifying county shall pay the bill, without appropriation, from the county property reassessment fund. A contractor may periodically submit bills for partial payment of work performed under a contract. Notwithstanding any other law, a contractor is entitled to payment under this subsection for work performed under a contract if the contractor:

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- (1) submits, in the form required by IC 5-11-10-1, a fully itemized, certified bill for the costs under the contract of the work performed to the department of local government finance for review;
- (2) obtains from the department of local government finance:
  - (A) approval of the form and amount of the bill; and
  - (B) a certification that the billed goods and services billed for payment have been received and comply with the contract; and
- (3) files with the county auditor of the qualifying county:
  - (A) a duplicate copy of the bill submitted to the department of local government finance;
  - (B) the proof of approval provided by the department of local government finance of the form and amount of the bill that was approved; and
  - (C) the certification provided by the department of local government finance that indicates that the goods and services billed for payment have been received and comply with the contract.

An approval and a certification under subdivision (2) shall be treated as conclusively resolving the merits of the claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive of the qualifying county. The county executive shall allow the claim, in full, as approved by the department of local government finance without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department of local government finance. Compliance with this subsection shall be treated as compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection.

(q) A qualifying official (as defined in IC 33-3-5-2.5) shall provide information requested in writing by the department of local government finance or the department's contractor under this section not later than seven (7) days after receipt of the written request from the department

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or the contractor. If a qualifying official (as defined in IC 33-3-5-2.5) fails to provide the requested information within the time permitted in this subsection, the department of local government finance or the department's contractor may seek an order of the tax court under IC 33-3-5-2.5 for production of the information.

(r) The provisions of this section are severable in the manner provided in IC 1-1-1-8(b).

(s) A contract entered into under subsection (e) is subject to this subsection. A contractor shall use the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)** to the extent that the contractor finds that the land values reflect the true tax value of land, as determined under the statutes and the rules of the department of local government finance. If the contractor finds that the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)** do not reflect the true tax value of land, the contractor shall determine land values for the qualifying county that reflect the true tax value of land, as determined under the statutes and the rules of the department of local government finance. The land values determined by the contractor shall be used to the same extent as if the land values had been determined under section 13.6 of this chapter **(before its repeal)**. The contractor shall notify the county assessor and the township assessors in the qualifying county of the land values as modified under this subsection. This subsection expires June 30, 2004.

(t) A contractor acting under a contract under subsection (e) may notify the department of local government finance if:

- (1) the county auditor fails to:
  - (A) certify the bill;
  - (B) publish the claim;
  - (C) submit the claim to the county executive; or
  - (D) issue a warrant or check;

as required in subsection (h) at the first opportunity the county auditor is legally permitted to do so;

- (2) the county executive fails to allow the claim as required in subsection (h) at the first opportunity the county executive is legally permitted to do so; or

- (3) a person or entity authorized to act on behalf of the county takes or fails to take an action, including failure to request an appropriation, and that action or failure to act delays or halts the process under this section for payment of a bill submitted by a contractor under subsection (h).

This subsection expires June 30, 2004.

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(u) The department of local government finance, upon receiving notice under subsection (t) from the contractor, shall:

(1) verify the accuracy of the contractor's assertion in the notice that:

(A) a failure occurred as described in subsection (t)(1) or (t)(2); or

(B) a person or entity acted or failed to act as described in subsection (t)(3); and

(2) provide to the treasurer of state the department of local government finance's approval under subsection (h)(2)(A) of the bill with respect to which the contractor gave notice under subsection (t).

This subsection expires June 30, 2004.

(v) Upon receipt of the approval of the department of local government finance under subsection (u), the treasurer of state shall pay the contractor the amount of the bill approved by the department of local government finance from money in the possession of the state that would otherwise be available for distribution to the qualifying county, including distributions from the property tax replacement fund or distributions of admissions taxes or wagering taxes. This subsection expires June 30, 2004.

(w) The treasurer of state shall withhold from the part attributable to the county of the next distribution to the county treasurer under IC 4-33-12-6, IC 4-33-13-5, IC 6-1.1-21-4(b), or another law the amount of any payment made by the treasurer of state to the contractor under subsection (v). Money shall be deducted first from money payable under IC 6-1.1-21.4(b) and then from all other funds payable to the qualifying county. This subsection expires June 30, 2004.

(x) Compliance with subsections (t) through (w) shall be treated as compliance with IC 5-11-10. This subsection expires June 30, 2004.

(y) IC 5-11-10-1.6(d) applies to the treasurer of state with respect to the payment made in compliance with subsections (t) through (w). This subsection and subsections (t) through (x) shall be interpreted liberally so that the state shall, to the extent legally valid, ensure that the contractual obligations of a county under this section are paid. Nothing in this subsection or subsections (t) through (x) shall be construed to create a debt of the state. This subsection expires June 30, 2004.

(z) This section expires December 31, 2006.

SECTION 4. IC 6-1.1-4-35, AS ADDED BY P.L.1-2004, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 35. (a) This section applies to a county other than a county subject to section 32 of this chapter.

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(b) This section applies to a general reassessment of real property conducted under section 4(a) of this chapter that is scheduled to become effective for property taxes first due and payable in 2003.

(c) As used in this section, "department" refers to the department of local government finance.

(d) As used in this section, "reassessment official" means any of the following:

- (1) A county assessor.
- (2) A township assessor.
- (3) A township trustee-assessor.

(e) If:

- (1) the department determines that a county's reassessment officials are unable to complete the reassessment in a timely manner; or
- (2) the department determines that a county's reassessment officials are likely to complete the reassessment in an inaccurate manner;

the department may order a state conducted reassessment in the county. The department may consider a reassessment in a county untimely if the county does not submit the county's equalization study to the department in the manner prescribed under 50 IAC 14 before October 20, 2003. The department may consider the reassessment work of a county's reassessment officials inaccurate if the department determines from a sample of the assessments completed in the county that there is a variance exceeding ten percent (10%) between the total assessed valuation of the real property within the sample and the total assessed valuation that would result if the real property within the sample were valued in the manner provided by law.

(f) If the department orders a state conducted reassessment in a county, the department shall assume the duties of the county's reassessment officials. Notwithstanding sections 15 and 17 of this chapter, a reassessment official in a county subject to an order issued under this section may not assess property or have property assessed for the general reassessment. Until the state conducted reassessment is completed under this section, the reassessment duties of a reassessment official in the county are limited to providing the department or a contractor of the department the support and information requested by the department or the contractor.

(g) Before assuming the duties of a county's reassessment officials, the department shall transmit a copy of the department's order requiring a state conducted reassessment to the county's reassessment officials, the county fiscal body, the county auditor, and the county treasurer.

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Notice of the department's actions must be published one (1) time in a newspaper of general circulation in the county. The department is not required to conduct a public hearing before taking action under this section.

(h) Township and county officials in a county subject to an order issued under this section shall, at the request of the department or the department's contractor, make available and provide access to all:

- (1) data;
- (2) records;
- (3) maps;
- (4) parcel record cards;
- (5) forms;
- (6) computer software systems;
- (7) computer hardware systems; and
- (8) other information;

related to the reassessment of real property in the county. The information described in this subsection must be provided at no cost to the department or the contractor of the department. A failure to provide information requested under this subsection constitutes a failure to perform a duty related to a general reassessment and is subject to IC 6-1.1-37-2.

(i) The department may enter into a contract with a professional appraising firm to conduct a reassessment under this section. If a county or a township located in the county entered into a contract with a professional appraising firm to conduct the county's reassessment before the department orders a state conducted reassessment in the county under this section, the contract:

- (1) is as valid as if it had been entered into by the department; and
- (2) shall be treated as the contract of the department.

(j) After receiving the report of assessed values from the appraisal firm acting under a contract described in subsection (i), the department of local government finance shall give notice to the taxpayer and the county assessor, by mail, of the amount of the reassessment. The notice of reassessment:

- (1) is subject to appeal by the taxpayer under section 37 of this chapter; and
- (2) must include a statement of the taxpayer's rights under section 37 of this chapter.

(k) The department shall forward a bill for services provided under a contract described in subsection (i) to the auditor of the county in which the state conducted reassessment occurs. The county shall pay the bill under the procedures prescribed by subsection (l).

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(l) A county subject to an order issued under this section shall pay the cost of a contract described in subsection (i), without appropriation, from the county's property reassessment fund. A contractor may periodically submit bills for partial payment of work performed under the contract. Notwithstanding any other law, a contractor is entitled to payment under this subsection for work performed under a contract if the contractor:

- (1) submits to the department a fully itemized, certified bill in the form required by IC 5-11-10-1 for the costs of the work performed under the contract;
- (2) obtains from the department:
  - (A) approval of the form and amount of the bill; and
  - (B) a certification that the billed goods and services have been received and comply with the contract; and
- (3) files with the county auditor:
  - (A) a duplicate copy of the bill submitted to the department;
  - (B) proof of the department's approval of the form and amount of the bill; and
  - (C) the department's certification that the billed goods and services have been received and comply with the contract.

The department's approval and certification of a bill under subdivision (2) shall be treated as conclusively resolving the merits of a contractor's claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive. The county executive shall allow the claim, in full, as approved by the department, without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after the completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department. Compliance with this subsection constitutes compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim submitted under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection.

(m) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2

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on a contract of the department entered into under this section:

- (1) The commissioner of the Indiana department of administration.
- (2) The director of the budget agency.
- (3) The attorney general.

(n) If the money in a county's property reassessment fund is insufficient to pay for a reassessment conducted under this section, the department may increase the tax rate and tax levy of the county's property reassessment fund to pay the cost and expenses related to the reassessment.

(o) The department or the contractor of the department shall use the land values determined under section 13.6 of this chapter **(before its repeal)** for a county subject to an order issued under this section to the extent that the department or the contractor finds that the land values reflect the true tax value of land, as determined under this article and the rules of the department. If the department or the contractor finds that the land values determined for the county under section 13.6 of this chapter **(before its repeal)** do not reflect the true tax value of land, the department or the contractor shall determine land values for the county that reflect the true tax value of land, as determined under this article and the rules of the department. Land values determined under this subsection shall be used to the same extent as if the land values had been determined under section 13.6 of this chapter **(before its repeal)**. The department or the contractor of the department shall notify the county's reassessment officials of the land values determined under this subsection.

(p) A contractor of the department may notify the department if:

- (1) a county auditor fails to:
  - (A) certify the contractor's bill;
  - (B) publish the contractor's claim;
  - (C) submit the contractor's claim to the county executive; or
  - (D) issue a warrant or check for payment of the contractor's bill;

as required by subsection (l) at the county auditor's first legal opportunity to do so;

(2) a county executive fails to allow the contractor's claim as legally required by subsection (l) at the county executive's first legal opportunity to do so; or

(3) a person or an entity authorized to act on behalf of the county takes or fails to take an action, including failure to request an appropriation, and that action or failure to act delays or halts progress under this section for payment of the contractor's bill.

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(q) The department, upon receiving notice under subsection (p) from a contractor of the department, shall:

(1) verify the accuracy of the contractor's assertion in the notice that:

(A) a failure occurred as described in subsection (p)(1) or (p)(2); or

(B) a person or entity acted or failed to act as described in subsection (p)(3); and

(2) provide to the treasurer of state the department's approval under subsection (l)(2)(A) of the contractor's bill with respect to which the contractor gave notice under subsection (p).

(r) Upon receipt of the department's approval of a contractor's bill under subsection (q), the treasurer of state shall pay the contractor the amount of the bill approved by the department from money in the possession of the state that would otherwise be available for distribution to the county, including distributions from the property tax replacement fund or distribution of admissions taxes or wagering taxes.

(s) The treasurer of state shall withhold from the money that would be distributed under IC 4-33-12-6, IC 4-33-13-5, IC 6-1.1-21-4(b) or any other law to a county described in a notice provided under subsection (p) the amount of a payment made by the treasurer of state to the contractor of the department under subsection (r). Money shall be withheld first from the money payable to the county under IC 6-1.1-21-4(b) and then from all other sources payable to the county.

(t) Compliance with subsections (p) through (s) constitutes compliance with IC 5-11-10.

(u) IC 5-11-10-1.6(d) applies to the treasurer of state with respect to the payment made in compliance with subsections (p) through (s). This subsection and subsections (p) through (s) must be interpreted liberally so that the state shall, to the extent legally valid, ensure that the contractual obligations of a county subject to this section are paid. Nothing in this section shall be construed to create a debt of the state.

(v) The provisions of this section are severable as provided in IC 1-1-1-8(b).

(w) This section expires January 1, 2007.

SECTION 5. IC 6-1.1-5.5-3, AS AMENDED BY P.L.1-2004, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Before filing a conveyance document with the county auditor under IC 6-1.1-5-4, all the parties to the conveyance must complete and sign a sales disclosure form as prescribed by the department of local government finance under section 5 of this chapter. All the parties may sign one (1) form, or if all

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the parties do not agree on the information to be included on the completed form, each party may sign and file a separate form.

(b) Except as provided in subsection (c), the auditor shall forward each sales disclosure form to the county assessor. The county assessor shall retain the forms for five (5) years. The county assessor shall forward the sales disclosure form data to the department of local government finance and the legislative services agency:

- (1) before January 1, 2005, in an electronic format, if possible; and
- (2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

The county assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for the purposes established in ~~IC 6-1.1-4-13.6~~, sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

(c) In a county containing a consolidated city, the auditor shall forward the sales disclosure form to the appropriate township assessor. The township assessor shall forward the sales disclosure form to the department of local government finance and the legislative services agency:

- (1) before January 1, 2005, in an electronic format, if possible; and
- (2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

The township assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for the purposes established in ~~IC 6-1.1-4-13.6~~, sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

SECTION 6. IC 6-1.1-12.1-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 14. Notwithstanding the enactment of P.L.245-2003 and P.L.256-2003, the duties under this chapter that are transferred from the department of local government finance to county auditors by the acts referred to in**

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this section shall be performed by the department of local government finance for actions related to the granting of deductions for property taxes first due and payable in 2006.

SECTION 7. IC 6-1.1-13-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. ~~The powers granted to each county property tax assessment board of appeals under this chapter apply only to the tangible property assessments made with respect to the last preceding assessment date.~~ Before a county property tax assessment board of appeals changes any valuation or adds any tangible property and the value of it to a return or the assessment rolls under this chapter, the board shall give prior notice by mail to the taxpayer. The notice must state a time when and place where the taxpayer may appear before the board. The time stated in the notice must be at least ten (10) days after the date the notice is mailed.

SECTION 8. IC 6-1.1-13-6, AS AMENDED BY P.L.256-2003, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. A county assessor shall inquire into the assessment of the classes of tangible property in the various townships of the county:

- (1) after March 1 in the year in which ~~the~~ a general reassessment of real property becomes effective under IC 6-1.1-4-4; or
- (2) in other years under the rules of the department of local government finance pertaining to:
  - (A) equalization under IC 6-1.1-14; and
  - (B) annual adjustments under IC 6-1.1-4-4.5.

The county assessor shall make any changes, whether increases or decreases, in the assessed values which are necessary in order to equalize these values in and between the various townships of the county. In addition, the county assessor shall determine the percent to be added to or deducted from the assessed values in order to make a just, equitable, and uniform equalization of assessments in and between the townships of the county.

SECTION 9. IC 6-1.1-13-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) If a county assessor proposes to change assessments under section 6 of this chapter, the property tax assessment board of appeals shall hold a hearing on the proposed changes:

- (1) before July 15 in ~~the~~ a year in which a general assessment is to commence; becomes effective; or
- (2) in other years under the rules of the department of local government finance pertaining to:
  - (A) equalization under IC 6-1.1-14; and



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**(B) annual adjustments under IC 6-1.1-4-4.5.**

(b) It is sufficient notice of ~~the~~ a hearing under subsection (a) and of any changes in assessments ordered by the board subsequent to the hearing if the board gives notice by publication once either in:

- (1) two (2) newspapers which represent different political parties and which are published in the county; or
- (2) one (1) newspaper only, if two (2) newspapers which represent different political parties are not published in the county.

SECTION 10. IC 6-1.1-14-4, AS AMENDED BY P.L.90-2002, SECTION 130, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. The department of local government finance shall review the assessments of all tangible property made by the various counties of this state. **The department of local government finance may employ qualified professional appraisers and other professionals to assist in the review.** If the department of local government finance determines that the assessment of a county appears to be improper, the department shall mail a certified notice to the auditor of the county informing the auditor of the department's determination to consider the modification of that county's assessment. The notice shall state whether the modification to be considered is related to real property, personal property, or both. The notice shall also state a day, at least ten (10) days after the day the notice is mailed, when a hearing on the assessment will be held. In addition to the notice to the county auditor, the department of local government finance shall give the notice, if any, required under section 9(a) of this chapter.

SECTION 11. IC 6-1.1-17-1, AS AMENDED BY P.L.90-2002, SECTION 147, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners **and in the form required by the department of local government finance,** to the fiscal officer of each political subdivision of the county and the department of local government finance. The statement shall contain:

- (1) information concerning the assessed valuation in the political subdivision for the next calendar year;
- (2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;
- (3) the current assessed valuation as shown on the abstract of charges;

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(4) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the department of local government finance; and

(5) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision."

Page 2, delete lines 1 through 23, begin a new paragraph and insert:

"SECTION 12. IC 6-1.1-34-9, AS AMENDED BY P.L.90-2002, SECTION 244, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. In order to perform the duties assigned to it under this chapter, the department of local government finance:

(1) shall conduct continuing studies of all property which is subject to assessment in this state;

(2) may request access to all local and state official records;

(3) may secure information from the federal government or from public or private agencies;

(4) **may:**

**(A) contract with; and**

**(B) rely on findings made by:**

**the Indiana Fiscal Policy Institute and professional appraisers;**

**(5) may inspect a person's books, records, or property if the item is relevant to information which the department needs in order to implement this chapter; and**

**~~(5)~~ (6) may adopt appropriate forms and procedures."**

Page 9, between lines 37 and 38, begin a new paragraph and insert:

"SECTION 16. IC 6-3.5-1.1-12, AS AMENDED BY P.L.90-2002, SECTION 293, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The part of a county's certified distribution for a calendar year that is to be used as property

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tax replacement credits shall be allocated by the county auditor among the civil taxing units and school corporations of the county.

(b) Except as provided in section 13 of this chapter, the amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive during a calendar year equals the product of:

(1) that part of the county's certified distribution that is dedicated to providing property tax replacement credits for that same calendar year; multiplied by

(2) a fraction:

(A) The numerator of the fraction equals the sum of the total property taxes ~~being that were certified to be~~ collected by the civil taxing unit or school corporation ~~during that in the~~ **immediately preceding** calendar year, **as provided in the approved abstract for the immediately preceding calendar year**, plus with respect to a civil taxing unit, the amount of federal revenue sharing funds and certified shares received by it during ~~that the immediately preceding~~ calendar year to the extent that they ~~are were~~ used to reduce its property tax levy below the limit imposed by IC 6-1.1-18.5 for that same calendar year.

(B) The denominator of the fraction equals the sum of the total property taxes ~~being that were certified to be~~ collected by all civil taxing units and school corporations **in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year**, plus the amount of federal revenue sharing funds and certified shares received by all civil taxing units in the county to the extent that they ~~are were~~ used to reduce the civil taxing units' property tax levies below the limits imposed by IC 6-1.1-18.5 for that same calendar year.

(c) The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits it is entitled to receive (after adjustment made under section 13 of this chapter) during that calendar year. The county auditor shall also certify these distributions to the county treasurer.

SECTION 17. IC 6-3.5-1.1-15, AS AMENDED BY P.L.255-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) As used in this section, "attributed

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levy" of a civil taxing unit means the sum of:

- (1) the ad valorem property tax levy of the civil taxing unit that is ~~currently being~~ **was certified to be** collected at the time the allocation is made; ~~in the immediately preceding calendar year,~~ **as provided in the approved abstract for the immediately preceding calendar year;** plus
- (2) the ~~current~~ ad valorem property tax levy **in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year,** of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus
- (3) the amount of federal revenue sharing funds and certified shares that were used by the civil taxing unit (or any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit) to reduce its ad valorem property tax levies below the limits imposed by IC 6-1.1-18.5; plus
- (4) in the case of a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(b) The part of a county's certified distribution that is to be used as certified shares shall be allocated only among the county's civil taxing units. Each civil taxing unit of a county is entitled to receive a percentage of the certified shares to be distributed in the county equal to the ratio of its attributed levy to the total attributed levies of all civil taxing units of the county.

(c) The local government tax control board established by IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing units that are entitled to receive certified shares during a calendar year. If the ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection (b)(2), then the special taxing district, authority, board, or other entity shall not be treated as having an attributed levy of its own. The local government tax control board shall certify the attributed levy amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The

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certified shares may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed levy.

SECTION 18. IC 6-3.5-6-18, AS AMENDED BY P.L.255-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

- (1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;
- (2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);
- (3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;
- (4) make payments permitted under IC 36-7-15.1-17.5;
- (5) make payments permitted under subsection (i); and
- (6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year. The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

- (1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the total

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property taxes that ~~are first due and payable to~~ **were certified to be collected by** the civil taxing unit ~~during in~~ **the immediately preceding** calendar year, ~~in which the month falls, as provided in the approved abstract for the immediately preceding calendar year,~~ plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. The denominator of the fraction equals the sum of the total property taxes that ~~are first due and payable to~~ **were certified to be collected by** all civil taxing units of the county during the **immediately preceding** calendar year, ~~in which the month falls, as provided in the approved abstract for the immediately preceding calendar year,~~ plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

- (1) The amount to be distributed as distributive shares during that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge

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revenues received under this chapter to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 19. IC 6-3.5-7-12, AS AMENDED BY P.L.224-2003, SECTION 255, AND AS AMENDED BY P.L.255-2003, SECTION 6, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as provided in sections 23, 25, ~~and 26, and 27~~ of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and sections 15 and 25 of this chapter, the amount of the certified distribution that the county and each city or town in a county is entitled to receive during May and November of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of the following:

(A) Total property taxes that ~~are first due and payable to were certified to be collected by~~ the county, city, or town during the ~~immediately preceding~~ calendar year, ~~in which the month falls, as provided in the approved abstract for the immediately preceding calendar year;~~ plus

(B) For a county, an amount equal to

~~(i) the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. plus~~  
~~(ii) after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~

The denominator of the fraction equals the sum of the total property taxes that ~~are first due and payable to were certified to be collected by~~ the county and all cities and towns of the county during the ~~immediately preceding~~ calendar year, ~~in which the month falls, as provided in the approved abstract for the immediately preceding calendar year,~~ plus an amount equal to

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the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. *and after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.*

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

- (1) The ordinance is effective January 1 of the following year.
- (2) Except as provided in sections 25 and 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population of the part of the county that is not located in a city or town.

- (3) The ordinance may be made irrevocable for the duration of specified lease rental or debt service payments.

(d) The body imposing the tax may not adopt an ordinance under subsection (c) if, before the adoption of the proposed ordinance, any of the following have pledged the county economic development income tax for any purpose permitted by IC 5-1-14 or any other statute:

- (1) The county.
- (2) A city or town in the county.
- (3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.

(e) The department of local government finance shall provide each county auditor with the fractional amount of the certified distribution that the county and each city or town in the county is entitled to receive

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under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution, subject to the requirements of sections 15, 25, and 26 of this chapter."

Page 13, between lines 1 and 2, begin a new paragraph and insert:

"SECTION 22. IC 21-3-1.7-7, AS AMENDED BY P.L.273-1999, SECTION 136, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. If a computation under this chapter results in a fraction and a rounding rule is not specified, the fraction shall be rounded as follows:

- (1) If it is a tax rate calculation, to the nearest ~~one-hundredth~~ **ten-thousandth** of a cent (~~\$0.0001~~): **(\$0.000001)**.
- (2) If it is a tuition support calculation, to the nearest cent (\$0.01).
- (3) If it is a calculation not covered by subdivision (1) or (2), to the nearest ten-thousandth (.0001).

SECTION 23. IC 36-2-9-20, AS AMENDED BY P.L.245-2003, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. The county auditor shall:

- (1) maintain an electronic data file of the information contained on the tax duplicate for all:
  - (A) parcels; and
  - (B) personal property returns;
 for each township in the county as of each assessment date;
- (2) maintain the file in the form required by:
  - (A) the legislative services agency; and
  - (B) the department of local government finance; and
- (3) transmit **to the legislative services agency and the department of local government finance** the data in the file with respect to the assessment date of each year **in the form required by the department of local government finance** before the later of:
  - (A) March 1 of the next year; ~~to~~
  - ~~(A) the legislative services agency; and or~~
  - (B) ~~the department of local government finance; thirty (30)~~

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days after the county mails its initial statement under IC 6-1.1-22-8.

SECTION 24. [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]: (a)

For purposes of this SECTION:

- (1) "department" refers to the department of local government finance;
- (2) "district" refers to a solid waste management district that has territory in more than one (1) county; and
- (3) "2004 levy" refers to the least of:
  - (A) the district's maximum permissible levy under IC 6-1.1-18.5-3;
  - (B) the district's advertised levy; and
  - (C) the district's adopted levy;
 for 2003 taxes payable in 2004.

(b) Notwithstanding:

- (1) IC 13-21-7; or
- (2) any action taken by a county or a district to fix a property tax levy for 2003 taxes payable in 2004;

the department may, for each county that participates in a district, determine under this SECTION the part of the district's property tax levy under IC 13-21-3-12(13) for 2003 taxes payable in 2004 to be levied in the county.

(c) The amount of the part referred to in subsection (b) for a county that participates in a district is the amount that bears the same proportion to the 2004 levy that the certified assessed value of the county as of the 2002 assessment date bears to the total certified assessed value as of the 2002 assessment date of all counties that participate in the district.

(d) The department shall use the amount determined under subsection (c) in setting the tax rate of the county.

(e) This SECTION expires July 1, 2005.

SECTION 25. [EFFECTIVE UPON PASSAGE] (a) For purposes of this SECTION, "department" refers to the department of local government finance.

(b) Except as provided in subsection (g), the auditor of state shall not distribute to a county treasurer the part designated under subsection (c) of the money otherwise distributable in July, 2004, under IC 6-1.1-21-4, as amended by this act, and IC 6-1.1-21-10 if before July 1, 2004:

- (1) the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor do not transmit to the department the data for all

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townships in the county required to be transmitted before October 1, 2003, under IC 6-1.1-4-25(b);

(2) the county assessor does not forward to the department the duplicate copies of all approved exemption applications required to be forwarded before August 2, 2003, under IC 6-1.1-11-8(a);

(3) the county auditor does not send to the department a certified statement required to be sent before August 2, 2003, under IC 6-1.1-17-1 (as in effect before the amendments under this act); or

(4) the county auditor does not transmit to the department data required to be transmitted before March 1, 2003, under IC 36-2-9-20 (as in effect before the amendments under this act).

(c) The amount of money the auditor of state shall not distribute under subsection (b) equals the product of:

(1) two percent (2%); multiplied by

(2) the combined amounts of the distributions for March, April, and July 2004 referred to in IC 6-1.1-21-10(b).

(d) Except as provided in subsection (g), the auditor of state shall not distribute to a county treasurer two percent (2%) of the money otherwise distributable after July 2004 under IC 6-1.1-21-4, as amended by this act, and IC 6-1.1-21-10 if before the date of distribution the local officials referred to in subsection (b) have not provided all of the data and information referred to in subsection (b). The withholding under this subsection applies separately to each distribution referred to in IC 6-1.1-21-10(b).

(e) Amounts withheld from distribution to the county treasurer under this SECTION are in addition to any amounts withheld from distribution under IC 6-1.1-21-4(e) or IC 6-1.1-21-4(f), both as amended by this act, before deadlines in 2004 established in those sections for failure to provide data or information.

(f) The auditor of state shall consider the provision of information referred to in subsection (b) to be untimely if the department notifies the auditor of state in writing that information provided is inaccurate, incomplete, or, with respect to information referred to in subsection (b)(2), not in the form required by the department.

(g) The restrictions on distributions under subsection (b) do not apply if the department determines that the failure to provide information as referred to in subsection (b) is justified by unusual circumstances.

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(h) When local officials provide the data and information referred to in subsection (b), money withheld under subsection (b) shall be distributed under IC 6-1.1-21-4(g) and IC 6-1.1-21-4(h), both as amended by this act.

(i) This SECTION expires January 1, 2006.

SECTION 26. [EFFECTIVE JULY 1, 2004] IC 6-1.1-19-1.5 and IC 21-3-1.7-7, both as amended by this act, apply only to property taxes first due and payable after December 31, 2004.

SECTION 27. [EFFECTIVE UPON PASSAGE] The department of local government finance may adopt temporary rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to implement IC 6-1.1-12.1-14, as added by this act. A temporary rule adopted under this SECTION expires on the earliest of the following:

- (1) The date of adoption under this SECTION of another temporary rule that supersedes the temporary rule previously adopted under this SECTION.
- (2) The date of adoption under IC 4-22-2 of a permanent rule that supersedes the temporary rule adopted under this SECTION.
- (3) January 1, 2006.

SECTION 28. THE FOLLOWING ARE REPEALED [EFFECTIVE UPON PASSAGE]: IC 6-1.1-4-13.6; IC 6-1.1-4-13.8."

Page 13, delete lines 5 through 42, begin a new paragraph and insert:

"SECTION 30. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 6-1.1-1 apply throughout this SECTION.

(b) This SECTION applies to a person who:

- (1) is entitled to a credit under IC 6-6-5-5(b) against the annual license excise tax payable in 2004 based on remaining property tax deduction for the assessment date in 2003 under IC 6-1.1-12-13, IC 6-1.1-12-14, IC 6-1.1-12-16, or IC 6-1.1-12-17.4 after allowance of the deduction on real estate and personal property owned by the person; and
- (2) did not receive the credit referred to in subdivision (1) because the assessed value of the person's real property for the assessment date in 2003 was not determined by a sufficiently early date to allow the application of the credit referred to in subdivision (1) against the annual license excise tax under IC 6-6-5 payable in 2004.

(c) A person is entitled to the credit referred to in subsection (b)(1) against the person's annual license excise tax under IC 6-6-5

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**payable in 2005. The credit provided by this SECTION is in addition to the credit that the person is otherwise entitled to under IC 6-6-5-5(b).".**

Delete page 14.

Page 15, delete lines 1 through 39.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1055 as reprinted January 21, 2004.)

BORST, Chairperson

Committee Vote: Yeas 13, Nays 0.

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## SENATE MOTION

Madam President: I move that Engrossed House Bill 1055 be amended to read as follows:

Page 19, between lines 36 and 37, begin a new paragraph and insert:

"SECTION 12. IC 6-1.1-17-20, AS AMENDED BY P.L.1-2004, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. (a) This section applies:

(1) to each governing body of a taxing unit that is not comprised of a majority of officials who are elected to serve on the governing body; and

(2) if the proposed property tax levy for the taxing unit for the ensuing calendar year is more than five percent (5%) greater than the property tax levy for the taxing unit for the current calendar year.

(b) As used in this section, "taxing unit" has the meaning set forth in IC 6-1.1-1-21, except that the term does not include a school corporation.

(c) **This subsection does not apply to a public library.** If:

(1) the assessed valuation of a taxing unit is entirely contained within a city or town; or

(2) the assessed valuation of a taxing unit is not entirely contained within a city or town but the taxing unit was originally established by the city or town;

the governing body shall submit its proposed budget and property tax levy to the city or town fiscal body. The proposed budget and levy shall be submitted at least fourteen (14) days before the city or town fiscal body is required to hold budget approval hearings under this chapter.

(d) **This subsection does not apply to a public library.** If subsection (c) does not apply, the governing body of the taxing unit shall submit its proposed budget and property tax levy to the county fiscal body in the county where the taxing unit has the most assessed valuation. The proposed budget and levy shall be submitted at least fourteen (14) days before the county fiscal body is required to hold budget approval hearings under this chapter.

(e) **This subsection applies to a taxing unit that is a public library. The library board of a public library subject to this section shall submit its proposed budget and property tax levy to the fiscal body designated under IC 20-14-14.**

~~(f)~~ (f) The fiscal body of the city, town, or county (whichever applies) **or the fiscal body designated under IC 20-14-14 (in the case of a public library)** shall review each budget and proposed tax levy and adopt a final budget and tax levy for the taxing unit. The fiscal

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body may reduce or modify but not increase the proposed budget or tax levy."

Page 37, between lines 7 and 8, begin a new paragraph and insert:  
"SECTION 23. IC 20-14-14 IS ADDED TO THE INDIANA CODE  
AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
UPON PASSAGE]:

**Chapter 14. Review of Budgets of Appointed Boards**

**Sec. 1. Before an appointed library board described in IC 6-1.1-17-20(a) may impose a property tax levy for the public library for the ensuing calendar year that is more than five percent (5%) greater than the property tax levy for the public library for the current calendar year, the library board shall submit its proposed budget and property tax levy to the appropriate fiscal body under section 2 of this chapter.**

**Sec. 2. An appointed library board subject to section 1 of this chapter shall submit its proposed budget and property tax levy to the following fiscal body at least fourteen (14) days before the county board of tax adjustment is required to hold budget approval hearings under IC 6-1.1:**

- (1) If the library district is located entirely within the corporate boundaries of a municipality, the fiscal body of the municipality.**
- (2) If the library district:**
  - (A) is not described by subdivision (1); and**
  - (B) is located entirely within the boundaries of a township; the fiscal body of the township.**
- (3) If the library district is not described by subdivision (1) or (2), the fiscal body of each county in which the library district is located."**

Renumber all SECTIONS consecutively.

(Reference is to EHB 1055 as printed February 17, 2004.)

BORST

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SENATE MOTION

Madam President: I move that Engrossed House Bill 1055 be amended to read as follows:

Page 34, between lines 1 and 2, begin a new paragraph and insert:  
"SECTION 20. IC 6-3.5-7-22.5, AS AMENDED BY P.L.224-2003,  
SECTION 258, IS AMENDED TO READ AS FOLLOWS

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[EFFECTIVE JULY 1, 2004]: Sec. 22.5. (a) This section applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500).

(b) In addition to the rates permitted by section 5 of this chapter, the county council may impose the county economic development income tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers if the county council makes the finding and determination set forth in subsection (c).

(c) In order to impose the county economic development income tax as provided in this section, the county council must adopt an ordinance finding and determining that revenues from the county economic development income tax are needed to pay the costs of:

- (1) financing, **constructing, acquiring, renovating, and equipping the county courthouse**, and **financing and** renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions, including the repayment of bonds issued, or leases entered into for **constructing, acquiring, renovating, and equipping the county courthouse and for** renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions;
- (2) financing constructing, acquiring, renovating, and equipping buildings for a volunteer fire department (as defined in IC 36-8-12-2) that provides services in any part of the county; and
- (3) financing constructing, acquiring, and renovating firefighting apparatus or other related equipment for a volunteer fire department (as defined in IC 36-8-12-2) that provides services in any part of the county.

~~The revenues from the county economic development income tax imposed under this section may not be used to pay the costs of financing constructing, acquiring, renovating, and equipping the county courthouse.~~

(d) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (b). The tax rate may not be imposed at a rate or for a time greater than is necessary to pay for the purposes described in this section.

(e) The county treasurer shall establish a county option tax revenue fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county option tax revenue fund before making a certified distribution under section 11 of

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this chapter.

(f) County economic development income tax revenues derived from the tax rate imposed under this section:

- (1) may only be used for the purposes described in this section;
- (2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and
- (3) may be pledged to the repayment of bonds issued, or leases entered into, for the purposes described in subsection (c).

(g) A county described in subsection (a) possesses:

- (1) unique fiscal challenges to finance the operations of county government due to the county's ongoing obligation to repay amounts received by the county due to an overpayment of the county's certified distribution under IC 6-3.5-1.1-9 for a prior year; and
- (2) unique capital financing needs related to the purposes described in subsection (c)."

Renumber all SECTIONS consecutively.

(Reference is to EHB 1055 as printed February 17, 2004.)

PAUL

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#### SENATE MOTION

Madam President: I move that Engrossed House Bill 1055 be amended to read as follows:

Page 20, between lines 13 and 14, begin a new paragraph and insert:

"SECTION 12. IC 6-1.1-35-1.1, AS AMENDED BY P.L.1-2004, SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.1. (a) Each county assessor and each elected assessor who has not attained the certification of a "level two" assessor-appraiser under IC 6-1.1-35.5 must employ at least one (1) certified "level two" assessor-appraiser.

(b) Each elected county assessor, township assessor, or elected trustee-assessor must:

- (1) attain the certification of a "level one" assessor-appraiser within one (1) year after taking office; and
- (2) attain the certification of a "level two" assessor-appraiser within two (2) years after taking office.

(c) ~~An A county~~ assessor or ~~trustee-assessor township assessor~~ who does not comply with ~~this~~ subsection (b) forfeits the assessor's or

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~~trustee-assessor's~~ office.

~~(c)~~ (d) A county assessor ~~or~~ township assessor ~~or trustee-assessor~~ appointed to fill a vacancy resulting from a forfeiture of office under subsection ~~(b)~~ (c) is subject to the requirements of subsection (b).

(e) If a trustee-assessor fails to comply with subsection (b), the county assessor shall perform the duties of the trustee-assessor related to the assessment of real property until the trustee-assessor attains the required certification.

(f) The county fiscal body may adjust the appropriations to the trustee-assessor and the county assessor for assessment services for the duration of a change in duties under subsection (e) to recognize the change in duties.

(g) Except as provided in subsection (h), a trustee-assessor who fails to attain the certification of a "level two" assessor-appraiser before the end of the trustee-assessor's term of office may not seek another term as trustee-assessor until both "level one" and "level two" assessor-appraiser certificates have been obtained.

(h) Notwithstanding subsection (g), a person who:

(1) is appointed or selected under IC 3-13 to fill a vacancy in the office of trustee-assessor when the remaining length of the term is less than two (2) years; and

(2) has not attained the certification of a "level two" assessor-appraiser before the end of the term to which the person was appointed or selected;

may seek election to the office of trustee-assessor.

(i) A person described in subsection (h) must attain the certification of a "level two" assessor-appraiser not later than two (2) years after the date the person was appointed or selected to fill a vacancy in the office of trustee-assessor."

Page 37, between lines 38 and 39, begin a new paragraph and insert:

"SECTION 24. IC 36-6-4-2, AS AMENDED BY P.L.1-2004, SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 2. (a) A township trustee shall be elected under IC 3-10-2-13 by the voters of each township. The trustee is the township executive.

(b) The township trustee must reside within the township as provided in Article 6, Section 6 of the Constitution of the State of Indiana. The trustee forfeits office if the trustee

~~(1) ceases to be a resident of the township. or~~

~~(2) serves as township assessor under IC 36-6-5-2 and fails to comply with IC 6-1.1-35-1.1.~~

(c) The term of office of a township trustee is four (4) years,

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beginning January 1 after election and continuing until a successor is elected and qualified."

Page 42, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 34. [EFFECTIVE JULY 1, 2004] **An elected county assessor, township assessor, or township trustee-assessor is required to comply with the certification requirements of IC 6-1.1-35-1.1, as amended by this act, only if the assessor or trustee-assessor is elected to a new term of office that begins after June 30, 2004.**"

Renumber all SECTIONS consecutively.

(Reference is to EHB 1055 as printed February 17, 2004.)

YOUNG R MICHAEL

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#### SENATE MOTION

Madam President: I move that House Bill 1055 be amended to read as follows:

Page 19, between lines 36 and 37, begin a new paragraph and insert:

"SECTION 12. IC 6-1.1-19-4.8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 4.8. (a) As used in this section:**

(1) **"2004 taxes" refers to property taxes first due and payable in 2004; and**

(2) **"later years" refers to the six (6) calendar years that immediately succeed 2004.**

**(b) This section applies to a school corporation that:**

(1) **appealed for emergency financial relief under section 2(d) of this chapter for 2004 taxes;**

(2) **held a referendum in 2003 under section 4.5(c) of this chapter in which the majority of voters approved the imposition for:**

(A) **2004 taxes; and**

(B) **property taxes first due and payable in later years; of a property tax rate in the amount certified in the referendum question and that is in addition to the school corporation's normal tax rate; and**

(3) **was notified by the department of local government finance under section 4.5(c)(6) of this chapter that the school corporation is authorized for 2004 taxes to collect a**

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referendum tax levy.

(c) The department of local government finance shall approve under IC 6-1.1-17-16 for a school corporation for 2004 taxes a tax levy that includes a referendum tax levy under section 4.5(c)(6) of this chapter in the amount of the product of:

- (1) the property tax rate in the amount referred to in subsection (b)(2); multiplied by
- (2) the final certified assessed value of the school corporation for the 2003 assessment date.

(d) The department of local government finance shall approve under IC 6-1.1-17-16 for a school corporation for property taxes first due and payable in each of the later years a tax levy that includes a referendum tax levy under section 4.5(c)(6) of this chapter in the amount of the product of:

- (1) the property tax rate in the amount referred to in subsection (b)(2); multiplied by
- (2) the final certified assessed value of the school corporation for the assessment date in the calendar year that immediately precedes the calendar year in which the taxes are first due and payable.

(e) This section expires January 1, 2011."

Page 42, between lines 3 and 4, begin a new paragraph and insert:"

"SECTION 33. [EFFECTIVE UPON PASSAGE] (a) If on the effective date of this SECTION the department of local government finance has certified under IC 6-1.1-17-16 the property tax levy and the property tax rate of a school corporation referred to in IC 6-1.1-19-4.8, as added by this act, for property taxes first due and payable in 2004, the department shall recertify for those taxes:

- (1) the property tax levy of the school corporation in the amount required under IC 6-1.1-19-4.8, as added by this act; and
- (2) the property tax rate of the school corporation to reflect the levy under subdivision (1).

(b) This SECTION expires January 1, 2005."

Renumber all SECTIONS consecutively.

(Reference is to EHB 1055 as printed February 17, 2004.)

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## SENATE MOTION

Madam President: I move that Engrossed House Bill 1055 be amended to read as follows:

Page 17, between lines 13 and 14, begin a new paragraph and insert:

"SECTION 6. IC 6-1.1-12-41, AS ADDED BY P.L.192-2002(ss), SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 41. (a) This section does not apply to assessment years beginning after December 31, 2005.

(b) As used in this section, "assessed value of inventory" means the assessed value determined after the application of any deductions or adjustments that apply by statute or rule to the assessment of inventory, other than the deduction allowed under subsection (f).

(c) As used in this section, "county income tax council" means a council established by IC 6-3.5-6-2.

(d) As used in this section, "fiscal body" has the meaning set forth in IC 36-1-2-6.

(e) As used in this section, "inventory" has the meaning set forth in IC 6-1.1-3-11.

(f) An ordinance may be adopted in a county to provide that a deduction applies to the assessed value of inventory located in the county. The deduction is equal to one hundred percent (100%) of the assessed value of inventory located in the county for the appropriate year of assessment. An ordinance adopted under this subsection must be adopted before January 1 of a calendar year beginning after December 31, 2002. An ordinance adopted under this section in a particular year applies to each subsequent assessment year ending before January 1, 2006. An ordinance adopted under this section may be consolidated with an ordinance adopted under IC 6-3.5-7-25 or IC 6-3.5-7-26. The consolidation of an ordinance adopted under this section with an ordinance adopted under IC 6-3.5-7-26 does not cause the ordinance adopted under IC 6-3.5-7-26 to expire after December 31, 2005.

(g) An ordinance may not be adopted under subsection (f) after ~~March 30~~, **December 15**, 2004. However, an ordinance adopted under this section may be amended after ~~March 30~~, **December 15**, 2004, to consolidate an ordinance adopted under IC 6-3.5-7-26.

(h) The entity that may adopt the ordinance permitted under subsection (f) is:

- (1) the county income tax council if the county option income tax is in effect on January 1 of the year in which an ordinance under this section is adopted;
- (2) the county fiscal body if the county adjusted gross income tax

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is in effect on January 1 of the year in which an ordinance under this section is adopted; or

(3) the county income tax council or the county fiscal body, whichever acts first, for a county not covered by subdivision (1) or (2).

To adopt an ordinance under subsection (f), a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax. The entity that adopts the ordinance shall provide a certified copy of the ordinance to the department of local government finance before February 1.

(i) A taxpayer is not required to file an application to qualify for the deduction permitted under subsection (f).

(j) The department of local government finance shall incorporate the deduction established in this section in the personal property return form to be used each year for filing under IC 6-1.1-3-7 or IC 6-1.1-3-7.5 to permit the taxpayer to enter the deduction on the form. If a taxpayer fails to enter the deduction on the form, the township assessor shall:

- (1) determine the amount of the deduction; and
- (2) within the period established in IC 6-1.1-16-1, issue a notice of assessment to the taxpayer that reflects the application of the deduction to the inventory assessment.

(k) The deduction established in this section must be applied to any inventory assessment made by:

- (1) an assessing official;
- (2) a county property tax board of appeals; or
- (3) the department of local government finance."

Renumber all SECTIONS consecutively.

(Reference is to EHB 1055 as printed February 17, 2004.)

DEMBOWSKI

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#### SENATE MOTION

Madam President: I move that Engrossed House Bill 1055 be amended to read as follows:

Page 17, line 20, delete "the department of local" and insert ":",

Page 17, delete lines 21 through 22, begin a new line block indented and insert:

**"(1) the department of local government finance for actions relating to the granting of deductions for property taxes first**

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**due and payable in 2004 and 2005; and**

**(2) county auditors for actions related to the granting of deductions for property taxes first due and payable in 2006 and thereafter."**

Page 19, between lines 36 and 37, begin a new paragraph and insert:

"SECTION 12. IC 6-1.1-21-4, AS AMENDED BY P.L.245-2003, SECTION 19, AND AS AMENDED BY P.L.264-2003, SECTION 12, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Each year the department shall allocate from the property tax replacement fund an amount equal to the sum of:

(1) each county's total eligible property tax replacement amount for that year; plus

(2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus

(3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the subdivision (1) amount that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(b) Except as provided in subsection (e), between March 1 and August 31 of each year, the department shall distribute to each county treasurer from the property tax replacement fund one-half (1/2) of the estimated distribution for that year for the county. Between September 1 and December 15 of that year, the department shall distribute to each county treasurer from the property tax replacement fund the remaining one-half (1/2) of each estimated distribution for that year. The amount of the distribution for each of these periods shall be according to a schedule determined by the property tax replacement fund board under

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section 10 of this chapter. The estimated distribution for each county may be adjusted from time to time by the department to reflect any changes in the total county tax levy upon which the estimated distribution is based.

(c) On or before December 31 of each year or as soon thereafter as possible, the department shall make a final determination of the amount which should be distributed from the property tax replacement fund to each county for that calendar year. This determination shall be known as the final determination of distribution. The department shall distribute to the county treasurer or receive back from the county treasurer any deficit or excess, as the case may be, between the sum of the distributions made for that calendar year based on the estimated distribution and the final determination of distribution. The final determination of distribution shall be based on the auditor's abstract filed with the auditor of state, adjusted for postabstract adjustments included in the December settlement sheet for the year, and such additional information as the department may require.

(d) All distributions provided for in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state. If the amounts allocated by the department from the property tax replacement fund exceed in the aggregate the balance of money in the fund, then the amount of the deficiency shall be transferred from the state general fund to the property tax replacement fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the payment of that amount. However, any amount transferred under this section from the general fund to the property tax replacement fund shall, as soon as funds are available in the property tax replacement fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (i), ~~the department auditor of state shall not distribute to a county treasurer two percent (2%) of the money otherwise distributable under subsection (b), subsection (c), and section 10 of this chapter the money attributable to the county's property reassessment fund if:~~

- ~~(1)~~ by the date the distribution is scheduled to be made, ~~(1)~~ the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance; ~~or~~
- ~~(2)~~ by the deadline under IC 36-2-9-20, the county auditor has not transmitted data as required under that section; ~~or~~
- ~~(2)~~ **(3) the county assessor has not forwarded to the department**

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*of local government finance the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a).*

**The auditor of state shall consider the provision of information referred to in this subsection to be untimely if the department notifies the auditor of state in writing that information provided is inaccurate, incomplete, or, with respect to information referred to in subdivisions (1) and (2), not in the form required by the department of local government finance. The withholding under this subsection of two percent (2%) of money otherwise distributable under section 10 of this chapter applies separately to each distribution referred to in section 10(b) of this chapter.**

(f) Except as provided in subsection (i), if the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25(b), ~~the state board or the department auditor of state~~ shall not distribute **to the county treasurer two percent (2%) of the money otherwise distributable to the county treasurer** under subsection (b), **subsection (c)**, and section 10 of this chapter. ~~a part of the money attributable to the county's property reassessment fund. The portion not distributed is the amount that bears the same proportion to the total potential distribution as the number of townships in the county for which data was not transmitted by August + October + as described in this section bears to the total number of townships in the county.~~

(g) Money not distributed ~~under subsection (e) for the reasons stated in subsection (e)(1), and (e)(2), and (e)(3)~~ shall be distributed to the county when:

- (1) the county auditor sends to the department of local government finance the certified statement required to be sent under IC 6-1.1-17-1; ~~and~~
- (2) **the county auditor transmits data as required under IC 36-2-9-20; and**
- (3) *the county assessor forwards to the department of local government finance the approved exemption applications required to be forwarded under IC 6-1.1-11-8(a);*

with respect to which the failure to send, **transmit, or forward** resulted in the withholding of the distribution under subsection (e).

(h) Money not distributed under subsection (f) shall be distributed to the county when the elected township assessors in the county, the

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elected township assessors and the county assessor, or the county assessor transmits to the department of local government finance the data required to be transmitted under IC 6-1.1-4-25(b) with respect to which the failure to transmit resulted in the withholding of the distribution under subsection (f).

(i) The restrictions on distributions under subsections (e) and (f) do not apply if the department of local government finance determines that:

- (1) the failure of:
  - (A) a county auditor to send a certified statement; or
  - (B) a county assessor to forward copies of all approved exemption applications;
 as described in subsection (e); or
- (2) the failure of an official to transmit data as described in subsection (f);

is justified by unusual circumstances."

Page 37, delete lines 8 through 17.

Page 37, line 32, after "by" insert "**the legislative services agency and**".

Page 37, line 39, delete ":".

Page 39, delete line 42.

Page 40, delete lines 1 through 2.

Renumber all SECTIONS consecutively.

(Reference is to EHB 1055 as printed February 17, 2004.)

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